

# The Pope dies after heart attack at Castelgandolfo

Paul VI died yesterday at his summer residence at Castelgandolfo, three hours after suffering a heart attack. He was 80 and had been Pope since 1963. The Pope, who had been ill with arthritis, died a heart attack while a Mass was being said at his bedside.

## Troubled and crucial reign

Peter Nichols Aug 6 Pope died of a heart attack at his lakeside residence in Castelgandolfo, three hours after suffering a heart attack. He was 80 and had been Pope since 1963. The Pope, who had been ill with arthritis, died a heart attack while a Mass was being said at his bedside.

# Liberals in urgent talks on Thorpe candidature

By Geoffrey Browning Political Staff

Mr Alan Beith, the Liberal Chief Whip, spent much of yesterday on the telephone in intense discussions with 11 of his parliamentary colleagues canvassing their views on Mr Jeremy Thorpe's declared intention to stand as a candidate at the next general election.



Gold for swimmer: Sharon Davies, a 15-year-old swimmer from Plymouth, is congratulated by Lisa Curry of Australia after winning the 200 metres individual medley gold medal in the Commonwealth Games, at Edmondson, Alberta, on Saturday.

Close struggle in all three finals, between England and New Zealand. England won the singles, New Zealand won the fours and the pairs were tied.

the Games, which began yesterday in the Commonwealth Stadium carried on the success of Canada with the first winner on the new track.

# International nature of Curia may result in a non-Italian successor

Cardinal Longley Aug 6 Paul VI himself issued the method of electing a Pope in November, 1978, in which the election of his successor would be held in the Vatican City.

# Mr Vance sees Israeli leaders in effort to restart peace talks

From Michael Knipe Jerusalem, Aug 6

The United States effort to reactivate direct peace talks between Israel and Egypt got under way here today when Mr Cyrus Vance, the Secretary of State, conferred throughout the day with Mr Menachem Begin, the Israeli Prime Minister, and his senior Cabinet ministers.

# Blackmail of minister by KGB alleged

By Penny Symon

Mr James Callaghan, the Prime Minister's namesake who is Labour MP for Middleton and Prestwich, said yesterday that soon after he was elected in February, 1974, he received, by mistake, a dossier in which a Cabinet minister of the time alleged blackmail by the KGB.

# EW may ban visits to tern block as protest

By MacIntyre Aug 6 The Amalgamated Engineering Workers Union block countries in the treatment of dispossessed is due to be discussed at tomorrow's executive meeting and an official statement to the union is expected to be issued.

# Passengers seize hijacker on airliner flight deck

Amsterdam, Aug 6—Passengers on board a KLM airliner today helped to overpower a hijacker after he threatened to take the plane to London.

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Lorne House, Castlecliff, Isle of Man.

# Bad weather makes birds migrate early

The poor weather this summer in Britain is driving many birds to migrate south a month earlier than usual, birds had already suffered from a cold spring which made the rearing of fledglings difficult.

# Ten killed in Indian caste warfare

Clashes between middle-caste Hindus and Harijans (once known as Untouchables) have led to 10 deaths in central India. A new militancy among Harijans seeking better jobs has met with a violent backlash from caste Hindus who believe their living standards and social prestige are in danger.

# Onassis journey

Mrs Christina Onassis, the former Mrs Aristotle Onassis, flew alone unexpectedly to Athens from Moscow for what members of her family called 'nostalgic reasons'.

# Crisis pay talks

Industrial civil servants are likely to increase disruptive action if today's peace talks in London, aimed at ending the long dispute over pay, fail.

# Muzorewa call

Bishop Abel Muzorewa, one of the black members of the Rhodesian Executive Council, criticized what he called the lack of urgency in the removal of racial discrimination.







ando be...  
in Ulster

## HOME NEWS



of the competitors at the model flying world championships held at Woodvale, near South-  
t, with a model jumbo jet that successfully made two flights.

## Industrial civil servants may step action if peace talks on pay fail

of Routledge  
r Editor  
e talks aimed at ending  
dispute involving gov-  
t industrial civil ser-  
ants are today against a  
round of growing disrup-  
tion. The dispute repre-  
sents about 6,000 workers in  
a have called a half-day  
go to mount a mass lobby  
wage negotiations, taking  
near Trafalgar Square.  
adic industrial action  
temporarily blocked a  
submarine on the Clyde  
at certain to be stepped  
rank-and-file leaders of  
183,000 government  
if the talks this after-  
noon to produce a solution.  
Frank Cottam, secretary  
trade union side of the  
thing machinery for in-  
dustrial servants, said last  
night: "We are looking at least  
liberal interpretation of  
cause for everybody. We  
reason why our people  
be treated any more  
than others."

Chancellor of the Exchequer,  
some elements in the men's  
claim may be taken up with  
the Government later. They include  
a proposal to bring forward the  
annual settlement date for pay  
raises from July 1 to April, to  
bring blue-collar government  
employees into line with the  
white-collar majority.  
But such a move would be  
in direct breach of the 12-month  
rule agreed by the TUC, which  
permits only one pay rise a  
year, and would present serious  
political difficulties for minis-  
ters responsible for incomes  
policy.  
Union negotiators are looking  
to the Civil Service Department  
for an improved offer under  
the terms of the ministers' re-  
cent pledge that their own em-  
ployees would not be treated  
more rigidly under the new de-  
funct 10 per cent pay guide-  
lines than similar workers in  
outside industry.  
That promise, it is thought,  
may open the door for a settle-  
ment on the lines of that agreed  
for firemen, which phases in  
substantial increases over the  
next 15 months.  
However, if the union nego-  
tiators regard the offer as only  
marginally worth having, the

package may be put to a bal-  
lot of the men on the lines of  
that carried out in the elec-  
tricity supply industry, which  
yielded a bare majority for com-  
pliance with incomes policy.  
In the other public sector, dis-  
rupting union action is being  
used to give their considered re-  
sponse to an independent peace  
formula that could end their  
long-running industrial action  
in the telephone service.  
The union will seek early  
talks with the Post Office Cor-  
poration on the proposal by  
Lord McCarthy that the work-  
ing week for 125,000 post office  
engineers should be cut from  
40 to 37 hours in two stages  
under a productivity deal that  
would not increase the employ-  
ers' costs.  
The Post Office has already  
accepted the initiative as a  
basis for settlement, and Mr  
Bryan Stanley, the union's gen-  
eral secretary, said yesterday:  
"The McCarthy report is not a  
complete formula in itself, but  
it is a useful step towards a  
solution and we have to give it  
the consideration it

## 'Think-tank' calls for milk content changes

By Our Agricultural  
Correspondent  
Dairy surpluses should be  
avoided by changing the com-  
position of milk, the agricul-  
tural "think-tank" at Reading  
University says in a report  
issued today. The notion of  
maintaining the sale of milk of  
a quality as it comes from the  
cow should be abandoned im-  
mediately, it said.  
The advice, which would  
change beyond recognition the  
foundations of the British  
dairy industry, came in the  
longest and boldest report yet  
issued by the Centre of Agri-  
cultural Strategy at Reading.  
It was challenged immedi-  
ately by the Milk Marketing  
Board for England and Wales  
and the Ministry of Agricul-  
ture, Fisheries and Food. The  
ministry was alarmed because  
Mr Brian Hayes, its deputy  
secretary for agriculture, is a  
member of a committee that  
gives guidance to the centre at  
Reading.  
According to reports pub-  
lished here today, he said the  
aircraft would be F16s, F15s  
and F14s, but he did not  
specify how many there would  
be of each type.  
General Gutiérrez Mellado is  
expected back in Madrid to-  
morrow after his official visit  
to the United States at the in-  
vitation of Mr Harold Brown, the  
American Secretary of Defence.  
During his visit, he discussed  
the treaty authorizing the  
American armed forces to be  
based in Spain. The treaty  
expires in two years' time.  
The general said he had tried  
to speed up the delivery of  
arms and to put an end to  
bureaucratic delays in the  
handling over of ships to the  
Spanish Navy.  
The question of Spain's event-  
ual membership of Nato did  
come up, he said, but he had  
put off any discussion for the  
time being. "While it is a sub-  
ject which we can see on the  
horizon," he said, "my gov-  
ernment does not consider it  
an urgent matter."

## farmers divided on harvest prospects

who contribute to the  
news in The Times  
about harvest prospects,  
from our Gwynedd says:  
good harvesting weather,  
like being a record here.  
A Suffolk farmer writes:  
a so many of your corre-  
spondents, despite all this talk  
of harvest prospects, we have  
not the grain stores in  
the old one farm in Not-  
tinghamshire that "prospects  
are all-round harvest  
prospects" but we have had  
a drought in the south of  
England. From Dorset comes  
a note to stop advisers and  
to make making up the  
harvest. It is not going to be  
a harvest.  
is who are optimistic  
and outnumber those who  
are pessimistic. The number of those  
who expect the harvest to be  
by far the smallest of  
in prices are already low  
main crop in most coun-  
tries is very promising,  
been disappointing on  
the whole. Some fields  
to enter the winter  
prices for animals and  
areas are still suffering  
periods of dry weather.  
winter wheat, which has  
well for so long, is  
to show signs of drought.  
I feel that the yield  
has fallen by 10 per  
cent in the south coast near  
drought is beginning to  
root crops, grass and  
along the coast, where  
not had the rain experi-  
ence with.  
farmers have suffered from  
rain at the wrong time,  
in too little. Cereals are  
one and four weeks late  
of Britain, and many  
have been flattened by  
image has seldom been  
but the persistent wet  
of the ground has kept  
of wide encouraging  
of weeds is beginning  
in wheat and barley are  
all wild oats or tough  
there are several reports  
of "volunteer" plants,  
a single plant of one  
city which take root in  
another.

## Agriculture

### Hugh Clayton

Reports of attacks by pests and  
diseases are sporadic, and crops  
on many farms are about aver-  
age. The most serious reports  
come from Bedfordshire  
where wheat has been damaged  
by "take-all" fungus. A "fome-  
disease" with an appropriately  
evocative name that can make  
a wheat plant yield a stunted and  
useless crop.  
Most wheat growers are pleased  
with their crops. In Dorset it is  
said to be clean of disease and  
promising well in all varieties.  
while in Warwickshire "I antici-  
pate a very good yield". Winter  
wheat in south Devon looks  
"extremely good". In south-west  
Surrey wheat is "excellent with  
no disease" and in north North-  
amptonshire it is "exceptionally  
good". In a farm in Cam-  
bridgeshire it is "the crop of the  
year".  
Winter barley has been har-  
vested on some English farms,  
although it is more usual to  
make a reliable forecast of yields.  
Some growers are disappointed  
with the performance of the early  
variety, "Sally". In Salop a "fome-  
disease" has been reported, but  
yields are not up to expectation.  
Near the coast in Gwynedd,  
however, the barley "gets better  
as time goes on".  
Some of the most enthusiastic  
reports in this third instalment of  
the 1978 survey are about pota-  
toes. A grower in Cambridgeshire  
says that "heavy yields are likely".  
They are said to be improving  
and in Lincolnshire, extremely good  
in north Cambridgeshire and pos-  
sibly a record in the centre of that  
county.  
A grower in the centre of  
Hampshire says, "here they have  
not done well at all". Reviews  
are cautiously phrased. On heavy  
land in the east of the grower  
area the weather has often been

	W	B	O	P	S	G
Bedfordshire	90	90	91	93	92	92
Berkshire	90	90	91	93	92	92
Buckinghamshire	90	90	91	93	92	92
Cambridgeshire	90	90	91	93	92	92
Cheshire	90	90	91	93	92	92
Devon	90	90	91	93	92	92
Dorset	90	90	91	93	92	92
Essex	90	90	91	93	92	92
Gloucestershire	90	90	91	93	92	92
Hampshire	90	90	91	93	92	92
Hertfordshire	90	90	91	93	92	92
Herefordshire	90	90	91	93	92	92
Lincolnshire	90	90	91	93	92	92
Northamptonshire	90	90	91	93	92	92
Nottinghamshire	90	90	91	93	92	92
Shropshire	90	90	91	93	92	92
Suffolk	90	90	91	93	92	92
Surrey	90	90	91	93	92	92
Warwickshire	90	90	91	93	92	92
West Yorkshire	90	90	91	93	92	92
Wiltshire	90	90	91	93	92	92
Worcestershire	90	90	91	93	92	92
Averages	90	90	91	93	92	92

## Cannery is asked for more checks on salmon tins

By a Staff Reporter  
The Department of Health is  
asking the Bristol Cannery to  
examine further tins of  
salmon from the False Pass  
Cannery in Alaska, North  
America.  
On Friday evening the com-  
pany found a pinhole in the  
seam of the unopened end of a  
can which contained the  
poisoned salmon suspected of  
causing the serious illness of  
four elderly people in Birming-  
ham.  
It is thought that the pinhole  
could have allowed dirty air or  
water to be sucked into the can  
during cooling at the factory, or  
gas produced by bacteria to  
escape, making detection of a  
swollen can difficult.  
The condition of the four  
members of the Farmer family  
who are suffering from botulism  
poisoning remained unchanged  
yesterday. They are partially  
paralysed and unable to breathe  
without mechanical assistance  
and are under intensive care in  
East Birmingham Hospital.  
The Department of Health  
said that no other cases of  
botulism poisoning had been  
reported since the Farmers were  
admitted to hospital last Mon-  
day.  
The Department of Health is  
advising people not to eat any  
canned salmon from the United  
States. It has asked retailers to  
take this off their shelves and  
urges the public to keep cans  
until there is a further  
announcement.

**Murder charge**  
Martin Paul Shepherd, aged  
17, of Sunnyside Road, Hitchin,  
Hertfordshire, was remanded  
in custody until tomorrow by  
a special magistrates' court at  
Hitchin on Saturday, accused  
of the murder of Miss Eri-  
c Lewin, aged 66, of Hillside  
Park, Hitchin.

## WEST EUROPE

## France prepares to deal with any repetition of the Amoco Cadiz pollution disaster

From Ian Murray  
Paris, Aug 6  
The pig farmers managed to  
steal the limelight from Presi-  
dent Giscard d'Estaing during  
his visit last week to Brittany.  
Nevertheless, his visit was  
essentially to draw attention to  
the continuing risk of pollution  
from the thousands of ships  
which pass the coast annually  
and to the measures the  
French Government is taking  
to reduce that danger.  
Something like one million  
tons of oil are carried up the  
Channel each day while con-  
siderable amounts of dangerous  
chemicals are always some-  
where offshore.  
The devastation to the Brit-  
tany coast caused by the wreck  
of the Amoco Cadiz last March  
provoked an immediate flurry  
of activity from the Govern-  
ment in setting up new regu-  
latory laws and rules for  
ships in distress in an attempt  
to ensure that such a disaster  
could not happen again. On  
paper the new regulations look  
very effective. In practice they  
are much less than perfect.  
Policing the high seas is more  
than the French Navy can be  
expected to do. Not only is it  
heavily committed in patrol-  
ling the world—it is the  
second largest presence in the  
Indian Ocean after the Soviet  
Union—but the extended range  
of the European fishing limits

are an added drain on avail-  
able resources.  
Therefore, the new regula-  
tions are being flouted by  
almost one in 10 of the ships  
coming through the sea lanes  
off Ushant. Since the Amoco  
Cadiz sank there have been  
more than 1,500 cases of ships  
breaking the rules and in only  
two-thirds of the cases were  
the ships concerned even pre-  
pared to answer signals advis-  
ing them that they were steer-  
ing a wrong course. The navy  
has only managed to arrest 42  
of the offending ships and  
bring them into Brest.  
The Government therefore  
has to reach a conclusion  
that, however hard it tries,  
other wrecks are all but inevi-  
table.  
If the damage and expense of  
the Amoco Cadiz disaster are  
to be avoided in the future the  
coast must prevent pollution  
spreading on such a scale  
again have got to be on hand.  
In theory such a scheme was  
in existence when the Amoco  
Cadiz went down. Called the  
Polmar plan, it worked very  
well once it was in operation  
speeding supplies, men and  
materials to the places they  
were most needed.  
The trouble was that it took  
six days to bring into opera-  
tion. By that time the damage  
was done. What, therefore, is  
needed is a new Polmar plan

and this has now been pre-  
pared and is being studied by  
M. Raymond Barre, the Prime  
Minister.  
The old plan failed because  
it was insufficiently explicit  
about the different duties and  
functions of the various authori-  
ties. Under the new scheme  
the different authorities will  
have to keep a close inventory  
of what they have available at  
any given moment to deal with  
a pollution threat. Each area  
will know exactly what parts  
of the coast are its responsibility  
to protect.  
The muddle caused by con-  
flicting lines of command, it is  
hoped, will be smoothed over  
by a closer integration of the  
responsibilities of the different  
elected representatives, authori-  
ties and environmental associa-  
tions.  
The responsibility of each  
body is to be clearly defined  
and every phase of the sea  
rescue operation will be placed  
under the Ministry of Defence,  
working through the maritime  
prefect at Brest, while the land  
operation will come under the  
Ministry of the Interior  
through the individual pre-  
fects.  
Most important of all, the  
new plan will make it clear  
that the authorities have the  
power to act before pollution  
actually occurs. The old plan  
only came into effect once the  
oil had hit the beaches.

## Spain to buy American warplanes

From Our Correspondent  
Madrid, Aug 6  
Spain is to buy 72 American-  
built military aircraft during  
the 1980s, Lieutenant-General  
Manuel Gutiérrez Mellado, the  
Deputy Prime Minister, told a  
news conference in New York  
last night.  
According to reports pub-  
lished here today, he said the  
aircraft would be F16s, F15s  
and F14s, but he did not  
specify how many there would  
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General Gutiérrez Mellado is  
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put off any discussion for the  
time being. "While it is a sub-  
ject which we can see on the  
horizon," he said, "my gov-  
ernment does not consider it  
an urgent matter."

## French launch breath- test campaign

From Our Own Correspondent  
Paris, Aug 6  
A publicity campaign is  
being organized by the French  
war drivers on French roads  
that they may be stopped at  
any time for random breath  
tests. The new law providing  
for the tests was signed last  
month, but the official circular  
has only just been sent out to  
police stations across the country.  
Prefects in every department  
have been told to mount the  
publicity campaign so that no  
driver can plead ignorance if  
he is asked to take a breath  
test, even though he has not  
received an official notice.  
The new law provides that per-  
mitted blood-alcohol levels of alcohol  
are the same as in Britain,  
although disqualification is not  
automatic for minor excesses.  
Drivers who are stopped by  
police will be obliged to blow  
into a breath test device and a  
reading will be taken.  
If a motorist has had to have  
done something wrong or been  
involved in an accident before  
such a test can be demanded.

Under the new law drivers  
found to be drunk will have to  
wait by the roadside and sober  
up before the satisfaction of the  
police before being allowed to  
finish their journey. A pas-  
senger in the car may volun-  
teer to drive, but is likely to  
be asked to take a breath test  
himself before being allowed  
to take the wheel. If the pas-  
senger fails this test, however,  
he will not be prosecuted.  
Another innovation, de-  
signed to help motorists who  
fall foul of the breath test law  
while on holiday, is that they  
can opt to have their case heard in  
a court in their home town in  
France rather than in the court  
back to the place of their  
offence.  
On French roads one person  
dies on average every 40  
minutes. Half the deaths are  
due to drinking by one or  
other of the drivers involved.  
In financial terms road  
accidents cost about 35,000  
francs (£4,120) a year, of  
which 14,000 francs are  
directly attributable to acci-  
dents caused by drinking.

## 1,000 foreigners in Spanish jails await expulsion

From Our Correspondent  
Madrid, Aug 6  
There are more than 1,000  
foreigners, mostly women, in  
Spanish jails awaiting impos-  
sible expulsion, the news  
agency Europa Press has re-  
ported here.  
The majority are expected  
to have to leave Spain as un-  
desirable. But according to the  
agency, the bureaucratic pro-  
cedure involved in drawing up  
expulsion orders sometimes  
takes up to one year.  
Most of those expelled are  
unstable or are foreign-born  
without proper personal docu-  
mentation, prostitutes, sus-  
pected drug traffickers or addicts,  
and petty criminals, according  
to the agency.

## Christina Onassis flies to Athens alone

From Our Own Correspondent  
Athens, Aug 6  
While the rest of the world  
speculates on the fate of Miss  
Christina Onassis, she is  
on her way to Athens alone.  
Mrs Onassis, who is on her  
honeymoon to Lake Baikal with  
Mr Sergei Kuzov, her Russian  
husband of five days, she sud-  
denly flew to Athens because  
what her close family said were  
rumours of "a scandal" for her  
family and country.  
Mrs Kuzov, head of the  
Onassis shipping group, came  
alone on board an Aeroflot  
flight from Moscow. She is  
staying at Glifada, a seaside  
resort near Athens, in a house  
her father built next to his  
sister's.  
Close family sources sug-  
gested that she was having "sec-  
ond thoughts about her mar-  
riage". She was to marry Mr  
Kuzov, but was concerned  
because she did not wish to hurt  
his feelings.  
Mrs Arsenie Garafalidou, her  
paternal aunt, told reporters  
that her niece had come to  
Athens "for a few days" to  
look after some urgent busi-  
ness matters. The bulk of the  
Onassis business is outside  
Greece, however.  
Mrs Garafalidou took the  
opportunity to deny rumours  
that she and the rest of the  
family had opposed the mar-  
riage. She said: "What comes  
first is Christina's happiness."  
She refused to bring her niece  
to the telephone.  
In view of what her close  
family described as Mrs  
Kuzov's "misery and dis-  
tress", reports that she had  
come to make arrangements  
for a church wedding, were not  
given much credit.  
These reports have suggested  
that since the civil marriage in  
Moscow was not legally recog-  
nized in Greece, where only  
religious weddings are binding,  
she proposed to marry Mr  
Kuzov in the chapel of Skopios,  
the private island off  
western Greece, that she in-  
herited from her father.

## Greece seeks guarantees from US on Aegean

From Mario Modiano  
Athens, Aug 6  
Greece is seeking guarantees  
from the United States that  
Turkey will not be allowed to  
impose unilateral solutions in  
the Aegean or in Cyprus once  
the American arms embargo is  
lifted.  
These reassurances are to be  
included in the final phrasing  
of the relevant provisions of  
the United States Foreign Aid  
Bill, which rescinded the  
embargo on certain conditions.  
In that sense, they can be de-  
scribed as a congressional  
guarantee.  
The Greek leaders fear that  
the lifting of the embargo will  
upset the balance of power be-  
tween Greece and Turkey,  
especially in the Aegean. Short  
of a fully-fledged bilateral  
defence treaty between Greece  
and America, United States  
Government guarantees are  
considered here as inadequate.  
The United States Senate, in  
voting for the repeal of the  
embargo, has already inserted  
a declaration in the Bill where-  
by "the United States shall  
actively support the resolution  
of differences through interna-  
tionally established peaceful  
procedures, shall encourage all  
parties to avoid provocative  
actions, and shall strongly  
oppose any attempts to resolve  
disputes through force or  
threat of force".  
The Senate has also advan-  
ced that armististries to  
Greece and Turkey, and  
ensure "that the balance of  
military strength in the region  
is preserved."

## Terrorists 'planned to kidnap the Pope'

Hamburg, Aug 6.—West Ger-  
man terrorists planned to  
kidnap the Pope and ransom  
him for their jailed colleagues,  
but Dr Wladimir Haddad, the  
Palestinian terrorist leader,  
vetoed the plan, a report in the  
news magazine Der Spiegel said  
today.  
Hans-Joachim Klein, who was  
wounded in the raid on the  
headquarters of the Organisation  
of Petroleum Exporting  
Countries (Opec) in Vienna in  
December, 1975, claimed in an  
interview with the magazine  
that the terrorists had worked  
out the kidnap plot to free  
members of the Red Army  
group from jail.  
Gang members kept the Pope  
under close surveillance in  
April, 1978. But Dr Haddad,  
who provided the German ter-  
rorists with weapons and money,  
refused to sanction the plan.  
Herr Klein went on: "Haddad  
said that if you kidnap the  
Pope, it must be a suicide  
action. No Arab nation could  
officially permit you to run  
around free afterwards."  
Herr Klein, who is wanted in  
connection with terrorist ac-  
tivities, said that he decided to  
break with the terrorist move-  
ment after being wounded in  
the Opec raid led by Ulich  
Ramirez, known as  
"Carlos".  
Herr Klein was writing a  
book about his experiences  
while living in hiding with  
counterfeit identity papers and  
help from comrades. "If my  
former people catch me, they  
will kill me," he told the  
magazine.  
He claimed that West German  
terrorist groups, such as the  
Red Army group and the June  
2 Movement, cooperated and  
that "nothing goes without  
Haddad". He did not believe  
reports that Dr Haddad had  
died.  
He and other Germans were  
involved in the Opec raid  
because Dr Haddad wanted to  
see something for his money,  
which included monthly pay-  
ments of £1,000 (£1,580) to  
terrorist cells and weapons  
smuggled into Europe in Arab  
diplomatic bags.  
The idea for the Opec raid  
came from "an Arab presi-  
dent" whose country also pro-  
vided all essential information  
to carry out the raid. It was  
represented at the meeting,  
Herr Klein said, but he refused  
to name it.  
Before the raid "I picked up  
a very large diplomatic bag  
stuffed with weapons, which an  
ambassador had brought to  
Rome customs, at the ambassa-  
dor's private residence in  
Vienna".  
On the attack, Herr Klein  
said: "The Vienna police prob-  
ably still wonder in which  
corner of the city he hid the  
Opec headquarters. Well,  
we simply took the tramway,  
getting off right at Opec's front  
door."  
Herr Klein said that Carlos  
had since cut his ties with the  
terrorists. "I did it in May,  
1976. It is hard to say why, but  
it is in connection with the Opec  
affair. I cannot imagine that he  
is going to join the terrorist  
scene again. He is a super-  
hero. The newspapers and  
police made him a hero and  
he liked it."—AP and UPI.

## Liner France to become floating hotel

Paris, Aug 6.—Work on  
refitting the liner France as an  
hotel and French cultural centre  
under way in Le Havre, where  
the ship has been laid up since  
she was bought last October by  
a Saudi businessman, Mr Akram  
Ojeh.  
The ship is to be divided into  
luxury, three star and tourist  
decks. The Saudi businessman  
about 1,250 beds. Work will con-  
tinue for the rest of the year  
and Mr Ojeh intends to anchor  
the liner off Beirut once peace  
is restored in Lebanon.

## Rees urges in ing crime

Political Staff  
and order issues should  
be used thoroughly and  
the use of slogans, Mr  
Rees, Home Secretary,  
said today.  
"The way of approaching  
the subject was not the  
of any one group but  
of all, he told  
Community Relations  
people who sought to  
be community on the  
uld be doing it a dis-  
tinct way. They would  
to build the kind  
unity cooperation that  
the best hope for  
the rise in crime.  
es said there was a  
realization that the  
justice system could  
with those offenders  
caught, but the need  
take crime prevention  
for the whole com-

## Envoys abroad not making enough visits to ministers

The Secretary of State for  
Foreign and Commonwealth  
Affairs is not completely satis-  
fied that heads of missions  
abroad return to this country  
as frequently as is desirable,  
among other things to maintain  
personal contacts with minis-  
ters, he is an ambassador and  
MPs. He is, therefore, review-  
ing the present arrangements.  
Foreign Office, July 27  
Passport holders "there is no  
method of determining the precise  
number of people holding valid  
United Kingdom passports at any  
particular time, but standard pas-  
ports have a total life of 10 years  
and in the 10 years ended Decem-  
ber 31, 1977, more than 13,750,000  
were issued. About 900,000  
British visitor's passports, which  
are valid for a year are issued  
annually.  
Foreign Office, July 26  
Families of strikers: In the 12  
months to June 13, 1978, cash pay-  
ments to families of persons on  
strike totalled about £3.2m.  
Social Services, July 31

## Answers in Parliament

A digest of information  
given in parliamentary  
written replies, with the  
sources and dates on which  
they appeared in Hansard.  
Rate grant: In preparatory work  
for the 1979-80 rate-grant distri-  
bution, a number of possible mod-  
ifications to the regression analy-  
sis method have been considered.  
Mr Peter Shore, the Secretary of  
State, will decide in the autumn  
which of these modifications would  
be practicable or desirable.  
Environment, July 31  
Shoplifting—The value of  
property reported stolen in  
offences of shoplifting recorded by  
the police in England and  
Wales for: 1972, 592,000; 1973,  
£1,179,000; 1974, £1,700,000;  
1975, £2,135,000; 1976, £2,385,000;  
1977, £3,558,000.  
Home Office, July 31

## Lord Byers

The condition of Lord Byers,  
former chairman of the Liberal  
Party, was satisfactory at Red-  
hill General Hospital yesterday  
after a second heart attack.

## Test-tube baby leaves

The test-tube baby, Louise  
Brown, 12 days old, and her  
mother left Oldham and Dis-  
trict General Hospital yester-  
day.

## French tip may have led to expulsion of ILO Russian

From Alan McGregor  
Geneva, Aug 6  
A "French connexion" of  
some kind may have led to the  
Swiss Government's decision to  
require the departure from the  
country of a Russian official of  
the International Labour  
Organization (ILO) on security  
grounds.  
Mr Gregori M. Magkov,  
described in press reports here  
as a "suspicious principal agent  
of the KGB in Geneva", left  
for Moscow by air last Wednes-  
day, 48 hours after the ILO had  
formally notified him that his  
engagement had been termi-  
nated in accordance with  
a Swiss request of July 28. This  
specified that he should be out  
of the country within eight  
days.  
In June he was stopped at the  
French frontier post at  
Mouille-Sulaz, between An-  
necy and Geneva, as he was  
returning from what a French  
newspaper report described as  
a weekend in Haute Savoie.  
A summer weekend traffic in  
both directions at this crossing  
point in the southern outskirts  
of Geneva is so heavy that cars  
with Swiss "number" plates  
leaving France are usually  
waved on without having to  
produce passports.

As a Soviet national, Mr  
Magkov, who did not have  
diplomatic status, was required  
to have a visa for France. The  
fact that he did not have a  
police held him up for "verifi-  
cation of identity" points to  
prior notification of his  
passage. In the event, he was  
delayed for less than an hour  
and then continued to Geneva.  
A possible implication of the  
Russian, a railway expert in  
the ILO technical training  
department since 1967—initially  
in Egypt and then at head-  
quarters there since 1971—may  
have been involved in some-  
thing that brought him to the  
attention of the French authori-  
ties, who subsequently notifi-  
ed their Swiss counterparts.  
When they have been in  
possession of conclusive evi-  
dence, the Swiss have tradi-  
tionally been punctilious about  
preventing neutral territory  
from being exploited as a haven  
for clandestine liaison with  
neighbouring countries.  
Geneva, with French terri-  
tory on three sides, is only  
minutely away from sparsely  
populated regions of mountain  
and forest offering innumerable  
secluded locations for discreet  
encounters. Equally, it is a  
chalet, unoccupied during the  
week would be an easy target  
for prior bugging.

## Alps death toll

Zermatt, Aug 6.—Five people  
were killed in mountain-terrain  
accidents in the Swiss Alps at  
the weekend, bringing the  
death toll in just over a week  
to 22. The victims have so far  
not been identified.

## Venice traffic rules

Venice, Aug 6.—Venice  
inaugurated one-way traffic on  
17 of its main canals at the  
weekend, and banned private  
motor boats for most of the  
day. The Grand Canal remains  
navigable in both directions.



## Philippines base protests by Marcos daughter

Clark air base and Subic bay base are the two remaining big American military installations in South-East Asia. Their continued use by the United States is the subject of continuing negotiations. Local officials in the southern Philippines have sent President Marcos a resolution asking him to appoint his wife, Mrs. Imelda Marcos, as his successor.—AP.

## Amin warning after report on Cuban troops

Uganda, he said, "had good relations with socialist countries, including Cuba, and Cubans would be welcome if they wished to visit Uganda." His statement was prompted by a report in the British newspaper *The Observer* that Cuban troops were in Uganda.

# UN special envoy welcomed in Windhoek

Government will not move an inch further with them", he told cheering National Party supporters in Queenstown.

**Eight die in crash**  
Teheran, Aug. 6.—Eight people were killed when a twin-engined Cessna aircraft crashed near Mehrabad airport, Teheran, after hitting a tree.

**10 killed in outbreak of Indian 'caste warfare'**

Representatives of the Hari

conflicts is twofold—a new

- passing unanimously a resolution

- even more acute.

# Iraq warning against Palestinian feuding

the major guerrilla group, and the PLO over the past of

Islamabad office, an anonymous telephone caller. Agence France-Presse in Beirut. Leading article, page 1.

## Korchnoi misses his chance again

most out of nothing, and looked well on the way to victory. Then his besetting sin, running short of time, made itself felt. He also looked very tired at this stage which was the fifth hour of play.

With five minutes left for five moves, he chose a line that won a pawn but allowed an exchange of queens with the creation of a most

Zoukhar, the parapsychologist, said he was not **so** clear than the seventh row. That is where he moved last night at the arbiter's request. For the first seven games, Dr Zoukhar sat in the first or second row, staring intently at Korchnoi.

Belgrade, Aug. 6.—Dr Mark Fuze, president of the International Chess Federation, said

25. P-KR3	KR-Q1
26. P-KR4	P-KR4
27. Q-KR1	R-K5
28. Q-N	R-N
29. P-K3	P-R2
30. P-K1P	P-P
31. P-P	P-K1P
32. P-K15	Q-K5
33. K-K2	P-K5
34. Q-N	P-Q1
35. P-K2	P-Q
36. P-K1	R-R6
	R-K6

## Ethiopians gain ground in Eritrea

the town burning after a surprise attack at the weekend. Agence France-Presse, and Reuter.



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SPORT

## Geoffrey Boycott provides a boost for Boycott

Woodcock  
Correspondent

into the England side Geoffrey Boycott and out of it the second Test match against New Zealand. Geoffrey Boycott is also 12. Old being out of with a shoulder injury. Boycott, and in fact, he has not been in the side. Geoffrey Boycott will be five. Most of his having come as an batsman. It is not by that Geoffrey Boycott takes a place in the side. It can be no getting away from it though—the captain for his place to Australia. When he helped England last winter's second Test against Pakistan at Lord's, with a result in 274, he was there on a broken arm, England's batting looked less stable than it was.

Geoffrey Boycott... something to be learnt from his powers of application.

that Boycott and Barber did some years ago.

Although he had a struggle against them last winter, New Zealand will find England a harder side to bowl out for. Geoffrey Boycott is in. And whether England or New Zealand, the side will be not one weaker than it was at the Oval. All three are first-rate batsmen. The side will be not one weaker than it was at the Oval. All three are first-rate batsmen. The side will be not one weaker than it was at the Oval. All three are first-rate batsmen.

## Worcestershire close gap as enridge hits 116

Worcestershire hit a superb century on Sunday, to close the gap on Lancashire. The side was led by Geoffrey Boycott, who scored 116. The side was led by Geoffrey Boycott, who scored 116.

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## Defeat of leaders is marred by an error in measurement

By Richard Streeton

EASTBOURNE: Sussex (4 pts) Worcestershire by eight wickets

Sussex gained a convincing win against Worcestershire, the John Player League leaders, with an expected ease yesterday. Their decisive victory, however, was overshadowed by one of those unusual happenings that help make cricket such a gift to collectors of the esoteric. The line restricting bowlers, run-up to 15 yards had been wrongly marked by the ground staff and gave bowlers an additional 4ft at both ends.

Sussex were already launched on a trouble-free reply to Worcestershire's meagre score of 104 when the error came to light. Sussex were 56 without loss from 11 overs when Cummins came on to bowl and after stepping out his run queried the line marking with the umpire, Cecil Pepper. There was a five-minute hold-up while the marking was re-measured and found to be wrong. It confirmed, apparently, the suspicions of more than one player earlier in the match.

The umpires and captain consulted and it was decided the game should continue with any implications of the ground staff's mistake being forced out later. A telephone call to Lord's to Mr. Donald Carr, secretary of the Test and County Cricket Board, confirmed that the umpires had taken the correct course. There was a little advantage probably to be gained by any bowler as at this level they pace out their approach themselves with the accuracy gained over many years.

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whether they pursued the matter any further with TCCB. Sussex won with 17 overs to spare, a remarkable margin. A brief start was maintained throughout their innings with Mendis, pulling and driving forcefully leading the charge. Barclay, at 60, was caught at mid-on playing an aggressive short ball off his left and Mendis, soon afterwards, sliced a drive and was taken at fly slip. Parker and Mendenhall completed the Sussex win, Mendenhall winning the match with a straight six against Patel. Sussex for all their problems off the field in recent months remain a side of spirit at times more perhaps in the one-day matches than the championship and this was one of the occasions where their cricket was at its best.

It was overcast and, above all, it was the rain that was the problem. The rain was never much of a problem. The rain was never much of a problem. The rain was never much of a problem.

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out to a well-judged catch at long on. From then on a mixture of haste and panic brought several instances of striking across the line. The Sussex bowlers used their heads and the team fielded vigorously. Spencer's catch at square leg to dismiss Ormond, the fifth man out, was one of several pieces of fielding to earn recognition from a good crowd.

Barclay bowled Humphries with his first ball and like his two later wickets it was a quicker ball of full length that beat the batsman. Barclay's expertise even allowed him to bowl two maidens as Griffiths and Cummins added 34 precious runs for the last wicket. It was never enough of course but it extended the game a little longer. Barclay ended Worcestershire's innings when, from short cover, he threw down the stumps driving to run out Griffiths. On any normal Sunday Barclay would have provided us with the headline:

Worcestershire  
C. M. Turner, c. Morgan, b. Spencer 17  
D. M. Patel, c. Arnold, b. Spencer 26  
D. M. Patel, c. Arnold, b. Spencer 26  
D. M. Patel, c. Arnold, b. Spencer 26  
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## Show jumping

## Hickstead success bolsters British hopes for world championships

By Pamela Macgregor Morris

On the eve of the world championships in Aachen next week Britain's hopes received a welcome boost as Hickstead yesterday won the first round of the event. Hickstead, who was ridden by John Phillips, won the first round of the event. Hickstead, who was ridden by John Phillips, won the first round of the event.

Barclay bowled Humphries with his first ball and like his two later wickets it was a quicker ball of full length that beat the batsman. Barclay's expertise even allowed him to bowl two maidens as Griffiths and Cummins added 34 precious runs for the last wicket. It was never enough of course but it extended the game a little longer. Barclay ended Worcestershire's innings when, from short cover, he threw down the stumps driving to run out Griffiths. On any normal Sunday Barclay would have provided us with the headline:

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C. M. Turner, c. Morgan, b. Spencer 17  
D. M. Patel, c. Arnold, b. Spencer 26  
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faults. Belgium fielding a man short retired under this severe handicap. At the end of the first round Britain led with a no-fault score. At this stage West Germany were lying second on four faults, knocked up by Achse von Buchwald on Pina. The United States had 12 faults, Ireland 16, Canada 16 and France 20.

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heavily with his rider on the landing side, for 12 faults and a further 11 nine faults. Resulted, they finished the course without further mishaps and they rallied in the second round for only eight faults.

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## Roberts winner despite protests

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The decision, which followed long and heated arguments between riders, team managers and race officials, meant that the world 500 cc championship leader Roberts would go into the last round of the series eight points clear of Britain's defending title holder, Barry Sheene.

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1. *Chlorophyll a* (Chl *a*)





















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## THE ARAB-ARAB CONFLICT

Cyrus Vance yesterday began a new attempt to bring about a ceasefire between Israel and Egypt. He will be putting pressure on President Sadat to return to the conference table, and on the Israelis to offer him some better document to do so. The Israelis will be tempted to suggest to him that "instead of putting pressure on them to satisfy an adversary who for the moment is neither the power nor the threat to attack them, he would be better employed trying to bring about a ceasefire in some of the numerous feuds which are now rocking the Arab world, and the absence of which has spilled a lot of blood into the streets of non-Arab cities."

While all is quiet on the Sinai, Syrian shells are ripping through apartment blocks in the Jewish quarters of Beirut. A further north, rival Palestinian groups have been killing each other in the Beddoui refugee camp. The leadership of the dominant group in the Palestinian Liberation Organisation is involved in a deadly struggle with more radical elements who, it asserts, financed and masterminded the murders of official PLO representatives in London last year and in Kuwait in June. Fatah leaders have begun to back directly against Iraqi bases abroad. But that has provoked further spectacular attacks on PLO offices last week in Paris and in Islamabad. The Iraqi government denies responsibility for these attacks, as the PLO denies responsibility for the attacks on Iraqi bases. If there is any truth in these denials, it is only so far as they reflect a distinction between different levels of authority and responsibility, of this type would not be the subject of decisions by either government of Iraq or of the

executive of the PLO. The former is a purely bureaucratic organ, taking its political instructions from the higher authority of the Revolutionary Command Council, which in turn is little more than an emanation of the "Regional Command" of the Arab Baath Socialist Party. The Baath party, all-powerful in Iraq, is a highly centralized and authoritarian body tightly controlled by a few people at the top. These people certainly have no scruple about using terror and assassination as a political weapon, nor do they make any secret of the hospitality and support they give to overtly terrorist Palestinian groups, including the dissident wing of Fatah led by "Abu Nidal", who has been in open revolt against the PLO leadership, and condemned to death by it, since 1974. They may not always instruct "Abu Nidal" whom to assassinate, but his activities would be very quickly curtailed if they aroused the Baath party's disapproval.

As for the PLO, it is essentially an umbrella body and as such not directly involved in the planning of military operations of any kind. Even the official governing organs of Fatah have too large and too politically divided a membership to be appropriate for that. One of the movement's specialities has been to spawn sub-groups under individual leaders to carry out operations of which the official leadership did not wish either to approve or to disapprove—the classic case being the Black September Organization, under "Abu Iyad". In the present case, it is generally understood that the wave of operations against radical dissidents and their Iraqi sponsors is being run by "Abu Jihad", Fatah's equivalent of a chief of staff and a very close associate of the official head of both Fatah and the PLO, Mr. Yasser Arafat.

This pathetic struggle for control of a non-existent state and a heritage of failure and disrepute is not worth the lives it is costing. It should not be fought anywhere, but specially not in European capitals. Iraq is an Arab state that professes anxiety for closer economic and cultural ties with the West. The PLO is constantly seeking Western recognition and political support and trying to demonstrate its international respectability. Neither can expect to be taken seriously so long as their agents and surrogates are spraying the streets of London and Paris with gunfire.

Syria does not appear to be directly involved in the struggle, but can be assumed to be on the PLO's side, and indeed delighted to see relations between the PLO and her rival Iraq reach such a pitch of open hostility. Iraq is no doubt equally delighted to see Syria still in trouble in Lebanon. For Syria effective military control of all Lebanon north of the Litani is now clearly an overriding priority. Many would say that political and military control of Lebanon has been Syria's real aim all along. Against that Syria has the legal argument that her intervention is supported by the Lebanese state and carried out in its name, and the political argument that she is the only power capable of restoring and maintaining civil peace. But the moral force of those arguments is lost when the method she uses is the systematic shelling of residential areas. It is the height of callous cynicism to claim that such tactics are part of a peace-keeping operation designed to ensure the population's security. President Assad will not be intimidated by the United States House of Representatives vote to cut off ninety million dollars of aid. But he should be concerned at the damage to his former reputation as a moderate and responsible leader.

## The evidence in a Scottish appeal

From the Director General of the Chemical Industries Association Limited.

Sir, The police are not alone in being concerned about BBC television's editorial policy (*The Times*, July 26). We in the chemical industry are currently in correspondence with BBC about three recent news stories concerning our industry, in which we feel that the treatment by the three BBC current affairs programmes was "unfair" in our view "unfair" to the extent of displaying actual bias and hostility to our industry, although that is admittedly just our opinion.

However, our worries extend beyond these specific cases to include "character assassination by selection" in the wider treatment, or rather untreatment, of our industry by television generally. Accidents and controversy allegations involving chemicals usually receive high key sensational coverage, whilst the vast areas of constructive activity by this industry and the people in it are largely ignored. The reason given for the invisibility of the attractive face of chemicals is often that our achievements lack viewer interest and appeal.

The news of police concern at their treatment leads me to believe that what we had hitherto regarded as our parochial problem could have wider social implications.

The concept of high public service in broadcasting, developed by John Reith, may now seem outdated and there may be strong public support for a review of our conventional wisdom regarding editorial freedom on television as it affects public interest in current affairs.

The Secretary of State's Prescribing Memorandum (which constitutes, in effect, an appendix to the BBC's Charter and Licence), inter alia, requires the BBC to refrain from "editorial bias" in the present case whilst retaining its editorial function. This apparent contradiction

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adds a theological dimension to a management guideline.

Corresponding guidance for the IBA is given in the Independent Broadcasting Authority Act 1973.

However, as Sir Hugh Green pointed out, "We (the BBC) have no balance between points of view in our programmes, but no necessarily within each individual programme. Nothing is more satisfying than the current affairs programme in which all the opposing opinions cancel each other out, leaving a balance, or rather a 'balance' can be achieved over a period of time, rather than in a single programme."

If one were considering a carefully constructed lecture course, in which the student would attend, and would be equally attentive to, all the lectures one might be tempted to agree. However, practically, and considering a medium which is apparently seen largely as entertainment, one has to regard such a view as academic and unrealistic. In the real world, balance, to be fair and effective, must be contained in a single programme, even though this may diminish its impact as entertainment. Some subjects are too important to our society to be consigned to the "bread and circuses" department.

This brings us to the crux of the question of how much editorial judgment and selectivity decisions are reasonable to put in the shoulders of production staff properly selected for their artistic, creative and technical abilities in the absence of clear, and agreed guidelines on what is or is not "editorial bias" in the present case. The White Paper on Broadcasting conveys into legislation perhaps we should debate advice some of its basic assumptions (Chapters 9 and 10) about responsibility and accountability for content and treatment of current affairs and news items. Certainly the 322 pages of the Annan Report deserve wider public study and discussion.

Yours faithfully,  
MARTIN E. TROWBRIDGE,  
Director General,  
Chemical Industries Association,  
93 Albert Embankment, SE1.

## Sailing under the Panamanian flag

From the General Secretary of the International Transport Workers' Federation.

Sir, You reported on July 28 that two senior ship surveyors from the Department of Trade (which is seriously short of surveyors) are to spend up to four weeks "in Panama" giving advice on how to raise safety standards in Panamanian flag ships. Since this exercise is presumably being paid for by the British tax payer, may I suggest that a similar service on air fares can be effected by their going no further than Miami, Florida, where the Panamanian Shipping Bureau has its headquarters? Indeed, it may be possible for us to arrange for New York, where most of the Panamanian flag operations seem to be carried out. In shipping any link between the Republic of Panama and the Panamanian flag is quite tenuous (other than the cashing of cheques) and I am surprised that the Department of Trade appears not to know it.

What an utterly deplorable state of affairs the secondment of these officials discloses! For over 50 years, Panama has cashed in on the flag of convenience racket, reeking in the registration, annual tonnage and consular fees, and has spent as little as it could on administration, control or supervision of its fleet. Throughout the safety record of "Panamanian" ships has been appalling. Untold numbers of ships have foundered or become major casualties, frequently with heavy loss of life, and in no case have the Panamanian authorities held an inquiry. Perhaps the British advisers could ask them how many lives have been lost. To our knowledge, the number has never been counted or recorded.

But why not abbreviate the advice given to this efficiency? Advise them to reserve the Panamanian flag for the Panamanians. It is the only sane and moral thing to say. And, come to think of it, it is advice that could be offered by post.

Yours truly,  
HAROLD LEWIS,  
General Secretary,  
International Transport Workers' Federation,  
Maritime House,  
Old Town,  
Clapham, SW4,  
August 3.

## R THORPE'S CANDIDATURE

an is not to be regarded as a criminal offence unless he is found guilty by a court of law. The preference of a criminal charge, ever serious, is not a finding, ult. When charged a man is entitled to protest his innocence to the court and to public at large. The best way for him to do that may be to say on with his concerns as if he were a member of parliament in full career with a trial-election likely to be held in his case is tried the way of carrying on as if he were to declare his readiness to stand as a candidate in election. It was therefore for Mr Thorpe to do that, characteristic of his activity.

The voters of North Devon do not see it that way—these, who would have been used to vote for Mr Thorpe, for the outstanding criminal against him—if they are in opinion that a man in his position ought to retire from

the field until he has cleared his name, or if they resent being confronted with the possibility of a second election in North Devon within a matter of months, or if, in the privacy of the polling booth, they are not prepared to make a presumption of innocence, then the remedy is before them in their own ballot papers. And if in the event Mr Thorpe loses the seat, his candidature will not have lost for his party what his party might otherwise have won since the hypothesis about which there is least doubt is that another Liberal candidate coming to that constituency at this stage could not win it.

Liberal MPs, or some of them, are reported to be disturbed at Mr Thorpe's acceptance of his constituency and his intention to stand again. Throughout the long unfolding of the Thorpe-Scott affair the collective behaviour of the Liberal MPs has been a model of how not to react to adversity. They have, it is true, been sorely tried by the whole affair, and they have "complained" of Mr Thorpe's lack of openness and consideration

towards them. But calculation of their own interest should have been enough to cause them to suppress the signs of panic which broke out so conspicuously at times.

It is said that Mr Thorpe as candidate would damage the chances of other Liberal candidates in the West Country and elsewhere beyond whatever damage the charges of conspiracy to murder may in any case do. It is not easy to discern the grounds for this belief. On the other hand repudiation of Mr Thorpe's candidature by his parliamentary colleagues now could not escape inference concerning their view of the innocence which he professes; and that, to many minds, would put the party in a very bad light, especially if Mr Thorpe were then to persist as an independent Liberal candidate. No doubt Liberal MPs feel that Mr Thorpe had no business to put them in this position. But since he has, they should make the best of it and leave him with North Devon to fight.

From Mr Nick Sharman.

Sir, Your editorial and reporting on the Upper Docks (July 26) and the issue (July 31) has been one-sided. At no point has your newspaper made a serious review of the arguments against the Port of London Authority's proposals to abandon its London docks.

Furthermore, your editorial perpetuated a number of inaccurate myths. It is not true, for example, that losses in the Upper Docks have dragged down the PLA. The fall in its reserves was due almost entirely to a revaluation in its property assets and to interest repayments on loans for staff redundancies. The Upper Dock losses have been small in comparison and have in fact fallen since 1975. The PLA does have real problems, notably the burden of high historic costs, not shared incidentally by many of its East Coast competitors, and an excessively rigid financial structure. However, these problems should be met head on, not by the elimination of useful physical assets.

It is also quite untrue to maintain that the Upper Docks are "past saving". They handle nearly 2 million tonnes of conventional cargo (and moreover have a European reputation for rapid handling, contrary to your unsubstantiated accusation of "giving inefficient service"). The National Ports Council forecasts show that conventional cargo will remain at around its present level. With investment in new facilities the Upper Docks could handle the expanding amounts of container and specialised cargo. There are some very good arguments for this kind of development. The Upper Docks are at the heart of a unique set of capital assets: London's dock/rail/water interchange points. They therefore offer the basis for an integrated transport system, which connects with the nation's largest consumer market and its major industrial area. In addition, a modern port would be a possible base for industrial development—as envisaged by the London Docklands Strategic Plan. It would also use some of the surplus land in the Upper Docks. This pattern of development, a modern upstream port at the core of a new development, is common in northern Europe.

The price of closing the Upper Docks is enormous and won't just affect East Londoners. London's economy will be increasingly isolated and the decline and deterioration which has already gripped much of inner London will spread. The environmental cost of taking millions of tonnes of goods by road from estuary and east coast ports will inflict misery on people throughout the South East. In the long term we will all be the sufferers as goods are increasingly forced onto the most resource-consuming mode of transport, the roads.

So it would be no charity to keep London's Upper Docks. It could be the first step towards a more humane and rational transport strategy.

Yours sincerely,  
NICK SHARMAN,  
John Docklands Action Group,  
35-50 Watney Street, E1.

## Saving London docks

From Mr Nick Sharman.

Sir, Your editorial and reporting on the Upper Docks (July 26) and the issue (July 31) has been one-sided. At no point has your newspaper made a serious review of the arguments against the Port of London Authority's proposals to abandon its London docks.

Furthermore, your editorial perpetuated a number of inaccurate myths. It is not true, for example, that losses in the Upper Docks have dragged down the PLA. The fall in its reserves was due almost entirely to a revaluation in its property assets and to interest repayments on loans for staff redundancies. The Upper Dock losses have been small in comparison and have in fact fallen since 1975. The PLA does have real problems, notably the burden of high historic costs, not shared incidentally by many of its East Coast competitors, and an excessively rigid financial structure. However, these problems should be met head on, not by the elimination of useful physical assets.

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NICK SHARMAN,  
John Docklands Action Group,  
35-50 Watney Street, E1.

## To be a farmer

From Mr T. B. Mills.

Sir, A number of county councils seem to be hoping to assist the balancing of their books by selling portions of their smallholdings estates. This includes Cambridge, where the council is offering 100 acres, leased as small farms, to tenant farmers of modest means.

At a time when the loss of confidence in money has caused investors of many kinds to drive the price of land with vacant possession far beyond the reach of all except the wealthy, and at a time when the landlord and tenant system is itself diminishing almost to vanishing point, this would seem a remarkably shortsighted policy.

The urge "to be a farmer" is (or was) possessed by untold numbers of young people, and it is an urge which has prompted many to avail themselves of the comprehensive training in agriculture now provided at the public expense. What they had in mind, one suspects, was to become a self-sufficient, self-reliant, and highly motivated people, to produce the food which the country needs, even if the scale of operations and the rewards may be modest.

Large-scale operations and the massive use of capital do not automatically bring efficiency in farming. The family farms of Holland, Denmark, Norway, and many other parts of Europe are amongst the most efficient in the world. What large scale farming does do, is to substitute money for labour. It enables pay to be increased, and hours to be shortened. Naturally, the workers demand more of such golden eggs, so long as the goose can lay them. Who wouldn't?

There is a danger that the capital-intensive large scale food production systems will become too dependent on fossil energy. The incentive of self employment on a family scale could reverse this trend, as well as providing a way out for many when unemployment is an increasing problem.

Yours faithfully,  
T. B. MILLS,  
Walscombe Farm,  
Godmanchester,  
Dorchester,  
August 1.

## David Wood

Conservative manifesto, must ring true to her in every sentence.

Are we then in for what is called a "presidential" election? Only journalists and academics who have studied little the party manifesto since 1832 could regard this as a new phenomenon. The genre began in 1834 with Peel's Tamworth manifesto, addressed to his constituents though presented as an appeal to the nation, and its purpose was to dissociate Peel and the Peelites from the reactionary symbol of Wellington. The practice continued, although Disraeli suggested a collective party manifesto of a fairly modern kind. It was not until 1892 that Lord Salisbury, who as a peer had no constituency to address, appealed direct to the nation.

Leaving aside the 1935 election (when the three party leaders in the National Government put out a joint manifesto), the Conservative manifesto, in 1945, was a masterpiece of the genre, addressed to the nation, and its purpose was to dissociate the Conservatives from the reactionary symbol of Churchill. The practice continued, although Disraeli suggested a collective party manifesto of a fairly modern kind. It was not until 1892 that Lord Salisbury, who as a peer had no constituency to address, appealed direct to the nation.

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## Freedom of choice

From Mr Ronald Cohen.

Sir, Professor Hayek (August 3) says "I have not been able to find a single person even in the United Kingdom who did not agree that personal freedom was greater under Pinochet than it had been under Allende".

It is hard to believe that he does not well understand that such a statement is only a truism, when those who disagree have been imprisoned, expelled, terrified into silence, or destroyed.

Yours faithfully,  
RONALD COHEN,  
17 White Court,  
200 West Hill,  
Putney, SW15.

## Moscow Olympics

From Mr Eric Ambrose.

Sir, I fear that Lord Noel-Baker is a singular person in believing (July 28) that "if the Games go well the impact on the thinking of the Russian people will be far-reaching and profound". The German Games of 1936 went very well.

The publication of my appeal in *The Times* of July 18, I received a sad letter posted in Cologne, from a Mr Ricardo Kolbe: "I remember the many times when I discussed the Nazi regime with young and very well educated Germans. Almost every time it was argued that the then democratic governments recognized the German regime also by attending the Olympics in 1936. How could then a normal citizen openly dare to oppose the regime three years before the outbreak of the Second World War?"

Mr Kolbe sounds no more of a chauvinist than Mr Beverley Nichols or the dissidents. If the "Russian organizers and the men and women in the street" with whom Lord Noel-Baker has discussed the matter really understood the Olympic spirit they would follow the ancient Greeks and stop the war against the dissidents—at least in the run-up to the Games and so indicate that they really wish to "create the spirit of international friendship and solidarity which is the outstanding characteristic of every celebration of the Games."

There is still time for Lord Noel-Baker with his valuable contacts to earn the gratitude of "today's democrats".

Yours faithfully,  
ERIC AMBROSE,  
Maccab.

## Providing school milk

From the General Secretary of The National Association of Head Teachers.

Sir, Mr John Silkin is entitled to play politics, whether it be on behalf of the Government or on behalf of the National Farmers' Union, but he is not entitled to make statements which are completely out of touch with reality. I can hardly be described as "crazy" for the National Association of Head Teachers to suggest that there are better and more urgent educational priorities upon which to spend the money which would have to be spent on school milk by local education authorities after April 1979. Some local education authorities, if they introduced milk, would have to cut vital expenditure in the year 1978-79.

It is not true to say that "free milk" is introduced in the schools of "lax" teachers. There are many middle schools (8-12 or 9-13) in this country who have no pupils receiving milk at the present time. The head and his staff will need to be introduced to these schools, where they can have as many as 600 pupils qualifying.

There is no evidence that there is a dietary need for junior pupils to have free milk in this day and age. If any child has such a need the existing regulations cover his/her situation.

The present scheme, which enables infants to have free milk, is already subject to considerable wastage. This is also bound to be the case in connection with any supply for junior pupils.

The N.A.H.T. is purely concerned to ensure that the education budget is spent on matters of priority and to ensure that its members receive proper ancillary help in connection with the administration of any scheme which is adopted by local education authorities.

Mr Silkin should bear in mind that despite the subsidy it will still be necessary for local education authorities to spend some £125,000 per school on free milk. It is introduced and that there is no guarantee whatsoever that the teaching staff will cooperate in the distribution, supervision and collection of the milk, particularly if the nearest comes out of the education budget.

Yours faithfully,  
D.M. HART, General Secretary,  
The National Association of Head Teachers,  
41-43 Bolton Road,  
Haywards Heath, West Sussex.

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## The Butler dynasty

From Miss Kathleen Nott.

Sir, It is a pity that Mr Hugo Morley-Fletcher (August 1) not only misquoted Tennyson, but attributed the misquotation either to Henry Montagu Butler, surely a scholarly person, or to Galsworthy—it is not clear which. The misquotation, from "The Passing of Arthur" is of course as follows (my italics):

"The old order changeth, yielding place to new,  
And God fulfils himself in many ways,  
Lest one good custom should corrupt the world."

This certainly makes better sense and makes Tennyson's point for him better than Mr Morley-Fletcher's version. Perhaps too if he had written it out in its original verse form he would have noticed the omission of the word "one". After all, Tennyson wrote far more verse than prose.

Yours truly,  
KATHLEEN NOTT,  
5 Limsfield Avenue,  
Thornton Heath,  
Surrey.

## Using inland waterways

From Dr Mark Baldwin.

Sir, The last four years have seen four different parliamentary committees (on transport expenditure, shipping, energy use and the British Waterways Board) argue that the greater use of inland waterways for bulk transport would be in the national interest. Each started from a different stance, but all came to the same conclusion, and all suffered the same fate at the hands of the Department of the Environment.

A mere six weeks ago, the Secretary of State for the Environment turned down select committee recommendations that investment in all transport modes should be adjudged by the same criteria, and declined to invest in the Sheffield and South Yorkshire Navigation. Such consistent behaviour may come as no surprise, but it was interesting to discover that earlier this year

a report on inland waterways, commissioned by the DOE, had been completed. (The "operation" of coasters into the European Inland Waterways). Having carefully compared the transport charges for bulk commodities between a location in the United Kingdom and one in Germany, the report showed that the R/Ro ferry to be the cheapest and ship to be the cheapest. The report concludes "A national policy of siting users of bulk commodities next to waterways, is indicated."

We can no longer feign surprise when a Minister ignores the good advice of Members of Parliament, but to commission consultants, to tell him how to proceed, and then to display of political masochism, unfitting for a Minister?

Yours faithfully,  
MARK BALDWIN,  
Department of Civil Engineering,  
Imperial College of Science and Technology,  
Imperial Institute Road, SW7.







# THE TIMES

## BUSINESS NEWS

company for  
which  
diversification  
and off, p16

### Miners get Benn backing for coke study after BSC divided to import

Miners' union leaders have urged the Government to initiate a study of the steel industry's future for British coking coal after learning that Japan has advised the steel industry to buy high-grade coking coal produced in their coalfield should be allowed to make in supplying a mix of fuels to the new 10,000-tonne a day capacity blastfurnace.

In his communication to members of the NUM executive, Mr. Benn said that the BSC's decision to import coke was a "major step" and that the Government should be "strongly supportive" of the move.

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### Cost of increasing coal production up £150m

The rising costs of the coal board's plans, however, are bound to add to the doubts expressed, particularly by the Central Electricity Generating Board, that the targets can be reached.

Selby, which is an essential part of the plan for coal production of 135 million tonnes by 1985, is intended to reach full output of 10 million tonnes a year from 1987-88. NCB production last year was static at 11.8 million tonnes.

The original estimate of the cost of the plan for coal, which took production through to 1985, was £1,400m at March 1974 prices, but was revised to £3,150m later. At July, 1978, prices that figure has grown by 37 per cent to £4,340m.

### Miners' group calls for more EC funds for ECGD

The group, which is made up of 150 small and medium-sized firms, has written to the European Commission asking for more funds to be made available to the ECGD.

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### OFT may seek change in law on credit cards

By Edward Townsend

Changes to a vital section of the Consumer Credit Act are almost certain to be sought by the Office of Fair Trading in an effort to ensure that credit card holders are fully protected against defective goods.

### Belgium to halve rise in spending

From Peter Norman

Brussels, Aug 6

Belgium plans to cut back by more than half the rate of increase of government spending next year.

### More closures feared in knitted goods companies

By Derek Harris

Commercial Editor

More company closures in the knitted goods sector, which has been hit by a spate of company goings out of business in the past six months, are forecast at the weekend.

### White House and Congress at fiscal loggerheads: Fight looms on American tax cuts

From Our United States Economics Correspondent

Washington, Aug 6

A battle is developing between the Congress and the White House over tax cuts.

### Italian parties approve plan to get the economy moving

From John Earle

Rome, Aug 6

Signor Giulio Andreotti's Government has at last started to unfold its three-year financial plan for 1979-81, which it promised to take effect last March as a strategy to beat inflation and return to solid growth.

### Unions campaign to block foreign control of British plastics group

By Our Industrial Editor

A number of trade unions are asking the National Enterprise Board and the British National Oil Corporation to use their influence to stop either Norwegian or Dutch interests taking over Vinnex, the British plastics producer.

### Regions competing for microelectronic plant

By John Huxley

Competition is growing among the regions to provide the location for the new government-backed microelectronics project which is expected to create about 4,000 jobs over the next five years.

### NEB in Jeddah venture

By Business News Staff

A joint marketing venture backed by the National Enterprise Board which aims at winning work in the Middle East for British building contractors and material producers, has received an encouraging response from companies interested in using the service.

### Labour MPs want Allied Breweries takeover of Lyons referred to Monopolies Commission

By Brian Appleyard

Two Labour MPs have begun to exert pressure on Mr Roy Hattersley, Secretary of State for Prices and Consumer Protection, to refer the 164m agreed takeover of J. Lyons by Allied Breweries to the Monopolies Commission.

### Wheat crop: a grain of hope for US trade

America's balance of payments may well be moving into better shape than is widely appreciated. It is certainly good news for the United States that the latest wheat crop estimates suggest that foreign grain sales will once again reach a high level.

### Reopening of tin mine depends on two surveys

By Michael Prest

Wheal Jane, the Cornish tin mine closed by Consolidated Gold Fields in April, may be reopened with aid from the Department of Industry. But the department is reluctant to commit itself on how much it may spend before it sees the results of two surveys of the mine's future.

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## FERGUSON INDUSTRIAL HOLDINGS

BUILDING SUPPLIES  
ENGINEERING SUPPLIES  
ELECTRICAL  
PRINTING

### A YEAR OF REAL GROWTH

At the A.G.M. on 4th August 1978, the Chairman, Mr. Denis Vernon, reported:-

- \* 1977 Pre-tax profit up by 57% to £1,618,000.
- \* 1978 First quarter pre-tax profit up by 30% to £489,000.
- \* Dividend increased for eighth consecutive year.
- \* Net assets per share .... 107p.
- \* Earnings per share .... 15.2p.
- \* Harkwell Holdings acquired to strengthen our printing division.
- \* Current trading is good.

Earnings per share p.  
Dividends per share p.

Year	Earnings per share p.	Dividends per share p.
1973	11.4	4.2
1974	9.7	4.548
1975	13.1	4.834
1976	13.1	5.428
1977	15.2	6.0

For a copy of our latest accounts please write to  
The Secretary, (Dept. T.)  
Ferguson Industrial Holdings Ltd.,  
Appley Castle, Cumbria, CA16 6XH.



## MANAGEMENT

## How Lex Service found its way back

A few years ago it appeared to some people that had gone to the head of Trevor Chinn, chairman of Lex Service Group, now in cars and lorries, plant hire, transport, and hotels. Success braced him just as one of Jeeves' specials did Bertie Wooster. Specials left Wooster with a sense of quiet power, ready for anything, and success appeared to leave Mr Chinn with the commanding conviction that he could do no wrong.

Fate as so often disagreed, Lex Garages, building it, was what his name suggested. It had been built up by his father, Roger Chinn, and it did one thing, and one thing well. It sold and serviced new cars, made by Leyland, Rolls-Royce, and Volvo. It was unusual in the sense that it dealt only in new cars.

It was soon to become unusual in other senses. It began acquiring other interests at startling speed. It became a glamour stock and a high-flier, until 1973 turned into 1974 and boom into slump.

Instead of watching the money coming in, Trevor Chinn and his little band of planners spent most of their time paying it out, as huge borrowings and high interest rates dwarfed the profits of assets so dearly bought.

Ten years ago the board agreed that Lex was tied too closely to the business cycle in cars. So it decided to get into activities with different cycles so that they would cancel out.

In the end all came right. Ten years ago nearly all of Lex's profits came from the motor trade. Now only half do or a bit more at present because this is a boom year for cars.

The group is no longer over-borrowed, and a share which in 1974 yielded 28 per cent now returns little more than 6 per cent. The City relishes the thought of the interim bulletin in ten days' time.

The City still, however, has its reservations about this con-

glomerate. The FT index of 30 shares, none chosen for quality, yields less than 5.5 per cent. The bad days still rankle with Mr Chinn too. It is not so much a question of assets or profits as of pride.

Directors, Mr Chinn conceded dismally the other day, are paid to plan for the future, not to be caught out by it.

He was referring to the 1973-74 energy crisis. I murmured something about that crisis smiting all and sundry when they were not looking. It was hard luck, surely, to be building a hotel at Gatwick just as the Arabs quadrupled the price of oil.

"I cannot agree," he retorted. The OPEC countries were already increasing prices; a recession was on the way. We simply took too little notice.

"But our diversification was sound. When the bad times came we were hurt financially, but we survived because we were basically in good businesses. Lex was no house of cards."

"We now know a lot more, we recovered quickly, and our ten-year record shows operating profit up from £1.2m to £18.5m in 1977, indicating how well our assets stood up to tough trading. Even in 1975 the one fall was only from £10.5m to £10.2m."

The return of profits immediately before tax to capital show a fall over the decade, from 28.5 per cent to 1977's 20.8 per cent, but it has come up from 1974's 9.1 per cent.

Mr Chinn is still convinced that Lex did the right thing by diversifying, especially into hotels, besides just growing in the motor trade. It was not, he says, a case of son succeeding father.

Ten years ago, he told me, the whole board agreed that Lex was tied too closely to the business cycle in cars. So it decided to get into activities with different cycles so that they would cancel out.

"We also agreed that we were tied too closely to three concerns, Leyland, Rolls-Royce, and Volvo whose cars we sold and serviced." Lex also realised that it knew a lot about a rough business—that of giving quality and service to customers.

First it moved into vehicle leasing, becoming one of the biggest in the country with Controlled Cost Motoring in 1969. Then the group went into tyres and accessories. But left Lex tied too closely to the motor trade.

It wanted to go further afield

into areas large enough to establish a complete business wherein it could use its own resources. The group decided to become one of the leaders. It went into the travel business through Albany Travel and the next natural step was into hotels where Lex decided it wanted an international luxury chain from the start.

This was easily the most ambitious diversification of the lot and at one stage outside observers feared that it would bring the whole Lex group to its knees.

The group began by taking over the site of a new Hilton hotel at Stratford-on-Avon with the aim of leasing it to Hilton when completed in 1973. This it duly did.

The next deal was much more startling. It was for nothing less than a 725-room hotel at Heathrow. Lex came to an agreement with the United States Hyatt International to run the hotel for 10 years with Lex having the option of taking it over after five.

Later on in 1974 £4.6m was spent on the Carlton Tower in Central London and Lex also built the Gatwick Park just outside the airport. While all this was progressing the group had forged a chain of luxury hotels throughout the United States, starting with one in Baltimore; it now has three others in Chicago, New Orleans and Houston.

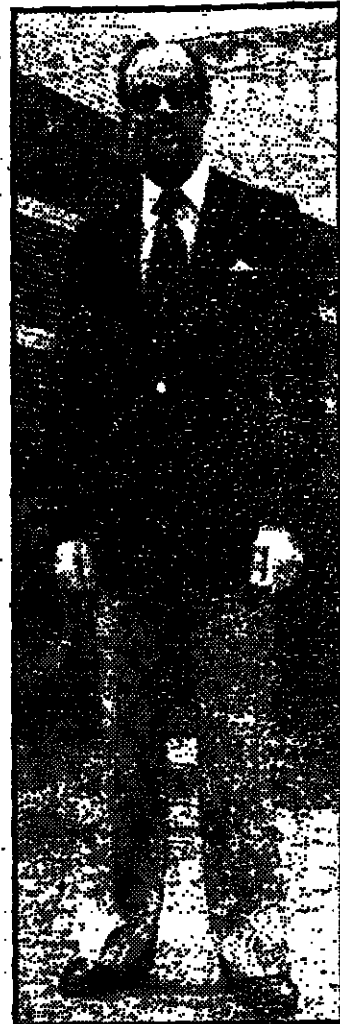
It has taken a long time to get this lot right. Mr Chinn commented justifiably last March, that the year to January last was the first time "Lex Hotels" made a significant contribution to the company's profits.

And it was not only a long time but a hard one as well. Not until 1975 did the hotels as a whole get out of the red, and then it was only £40,000. Last year they came good with pre-tax profits of £3.5m.

Heathrow quickly went bad. Hyatt indicated that it wanted to get out, and philosophically Lex let them go. It also imagined that it knew how to run such a hotel.

Lex thought that the cost controls used elsewhere in the group would serve at Heathrow. It accepted the conventional wisdom of the paramount need to fill up the hotel with visitors from roof to basement; and for a time it imagined that it would have the airport to itself.

When the bills came rolling in Lex was slow to react, but when it did, it did so wholeheartedly. In came management from all over Lex. In came proper hotel accounting



Trevor Chinn, chairman of Lex Service Group. The next step is to grow within the areas we have.

methods; and out went the vogue of "occupancy".

The group found, for example that it paid to let the staff go at weekends and leave the hotel empty. This was because Heathrow was a businessman's hotel and did well during the week, but not at the end of it. It was also found that hotel tariffs mattered a great deal.

One other thing Mr Chinn and his staff found out and it is a source of comfort to them to this day is that one third of the Heathrow hotel staff engaged at the beginning are still working for the group. This is good for a business where labour turnover is notoriously high, and remarkable for a hotel with the history of Heathrow.

Here we have a paradox. Management, a cult if there was one, at Lex, fell down in supposing that the Heathrow hotel would have the airport to itself. Instead competitors shot up like roadsters after a

thunderstorm. The workers, however, saw Heathrow through. They showed Lex Service Group a loyalty that Mr Chinn will never forget.

The Carlton Tower took a little longer than expected to get into its stride, chiefly because Lex decided that it needed refurbishing to raise it to an appropriate luxury standard.

Then four years ago came Garvick Park, and hot on its heels the energy crisis. This was something Lex had no intention of sitting out. Into motels went the hotel, and only last June after a belated interior furnishing did it open for guests. It should be making money in a matter of months.

The group had to find out how to run hotels the hard way, and it learnt to pay for them the same way too.

Before 1973, Mr Chinn recalls, you could hardly go wrong. Money roamed around looking for businesses to invest in. If for some reason you found yourself short, there was always the stock market to turn to.

By 1974 Lex was discovering that paying for long-term assets such as hotels with short-term money was perilous. Into the desk drawer went all of the group's cherished long-term ambitions. Lex had diversified to become free. Instead it found that diversification, unwisely conceived had chained it to bankers.

Lex came through, but never again will it allow borrowings to dwarf assets, and never again will it lean so heavily on money repayable almost on demand.

Today Mr Chinn and his colleagues look on their world and find it good. Three ventures in diversifying—hotels, transport and leasing—have succeeded; only one, employment agencies has gone sour.

I asked Mr Chinn whether Lex has had enough of diversifying. He replied: "I think we now have the interests we want. The next step is to grow within the areas we have."

"To help us do this the group has a reservoir of management. Here at Lex we have men who have learnt to offer a better and different service from everyone else; to plan; to plan; and to train others."

"Above all, it is the function of management to think about the company's future. This is what the chief executive in any large concern should do and little else. Why else pay subordinates? They can probably do the work better than you can anyway."

Peter Wainwright

## LETTERS TO THE EDITOR

## Product liability: implications for the insurance market

From the Chairman of The Bar Association for Commerce, Finance and Industry

Sir, Mr Michael Grylls, MP, in his article on "The danger of overkill on product liability" (August 1) serves an important purpose in drawing attention to the strong likelihood of legislation in the next Parliament—whatever party is in power—on the extension of strict liability, that without proof of negligence, for products and services. One of the important aspects of such legislation concerns the implications for insurers in respect of such an extension.

Mr Grylls makes reference to the "high cost of premiums which manufacturers would have to pay to secure adequate insurance cover" and certainly first reactions to the Pearson report indicated serious concern with this aspect. But further study and research has led to some modification of that concern.

Clearly the extent of the cost of insurance depends first on the degree of extension of liability, but if the legislation follows the lines contemplated by the Stracross convention and the EEC draft directive, some estimate of cost may be made. Obviously before firm calculations can be made, time must elapse in which to build up experience, but informed opinion now seems to take the view that although insurance costs will go up, this will not

be of such an order as to create real difficulty for industry, apart from exceptional areas such as pharmaceuticals and development risks. Certainly with the degree of extension recommended by Pearson, we should not find any comparable experience with that of America, and in particular there seems to be little doubt that the insurance market in the United Kingdom will be capable of dealing with it. It has in fact been suggested that save in exceptional cases the extra insurance costs would form a relatively insignificant addition to production costs and even in some cases might be contained within existing profit margins.

However, these are matters that require further study and discussions before any Bill is passed. To this end the Bar Association has arranged a conference on these and other aspects of strict liability for early November.

Yours faithfully,  
JOHN PHILLIPS,  
Chairman,  
The Bar Association for Commerce, Finance and Industry,  
63 Great Cumberland Place,  
London W1,  
August 2.

From Mr Maurice Healy  
Sir, I am deeply disheartened by the CBI's attitude to product liability manifested in Mr P. S. Taylor's letter (August 2).

What has been proposed in this country is that manufacturers should be liable to compensate those people who use their products, if they are injured or suffer loss because the product is defective. Retailers already have this duty to the person who actually buys the product. There is no limit on their liability. They carry the risks of innovation. They trade confidently nonetheless.

It seems extraordinary that manufacturers should run to government for help when faced with the notion that, if their products are defective and injure people, they should be responsible for compensation. Has British industry any confidence in its products? Are individual companies prepared to back their own judgments of what standard of safety they think appropriate for their products? Surely, British industry can be responsible for the good it makes?

Consumer organisations would like to answer "Yes" to all these questions; we do believe, as the CBI appears to think, that every facet of the relationship between manufacturer and consumer must be based on a standard with official standard and government support. Yours faithfully,  
MAURICE HEALY,  
Head of Consumer Policy Unit,  
National Consumer Council,  
18 Queen Anne's Gate,  
London SW1H 9AA.

## Training of technologists

From Mr F. Andrew Shearman  
Sir, A punch-up in your columns (Letters, July 22 and August 1) between one leading philosopher of engineering, on my right, Mr Alan Muir Wood, and Mr Austin Albu (in the dark shorts) is good spectator sport. The trouble for those of us who want to weigh in is that they are both right.

Albu is right to pin much of the malaise in British industrial competitiveness on to the selection and training of technologists. Muir Wood is right to resent this on behalf of a much-maligned engineering profession, and to point the finger at non-engineering decision-makers in British politics and industry, who are often not rationally selected or trained at all.

Meanwhile, British qualifications in technology are increasingly being weighed and tested by the other members of the EEC in Brussels, and by developing countries all over the world, for example in the context of aid programmes like the Lomé convention system.

Yours faithfully,  
F. ANDREW SHEARMAN,  
The Athenaeum,  
Pall Mall,  
London SW1.

## Encouragement to save

From Mr Stuart F. Hills  
Sir, In 1968, and 1974 you were kind enough to publish letters of mine on the theme that, since no government appears to give any encouragement to save, it is wiser to borrow and spend.

For some reason governments in those periods was inclined to provide "encouragement", but as there is now very few private investors left in this country it is time for government to initiate a scheme whereby, if person can show that he or she is saving and investing money derived from taxed income, it returns from such investment including any capital gain—free of further tax?

Yours faithfully,  
STUART F. HILLS,  
46 The Ridgeway,  
Tonbridge,  
Kent.

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BY THE FINANCIAL EDITOR

## Underwriting cycle on an upswing

There has almost certainly been the challenging ever for composite in the critical question investors will answer from the interim profits that begins with Commercial Union is not so much whether the profits of the last couple of years is strong—strong first quarter results point to an improvement of around for the seven big companies—as omer that the next inevitable down in the underwriting cycle will not ring the industry to its knees as it 1974-75.

managements whose lifeline has also in quantifying the unquantifiable 1970s brought problems that were y unmanageable. Inflation and depression bit deeply into profits led by roughly a third in the 1972-73 while the collapse in United financial markets cut the in-capital base to the bone.

the past couple of years the com have been doing their best to nut onuses in order, and while the under cycle has been working in their the profit recovery has been nro d. The next downturn is due in 1979, what ought to be occupying the if investors is whether the composites able to withstand rate-cutting when s becomes harder to find.

while the deceleration in inflation en the pressure off solvency margins at around 35 per cent for the sector ole, are high by both historical and tional standards and more than the dark days of 1974. The spate of issues over the last couple of years, with the stronger trend in retained and capital appreciation on invest-as meant that solvency is not now an

crucial issue, then, is the course of derwring cycle. This year should composites swing back to break- ter underwriting losses of £325m previous three years. The United market is the key, having accounted ot three-quarters of these accumu-ses.

quarter results confirmed that loss ense ratios are now well below 100 it, although controls on premiums likely that the United States will do ater than break even next year and r after. Workers compensation and, ngly, product liability are still minut overall the industry is expecting lerwring cycle to be kinder this and. Elsewhere the United Kingdom patchy but there are still recovery is in Europe for the composites.

prices, however, remain wary about a confident noises emanating from nstry. Despite last week's stronger a sector as a whole is still a quarter peak although most of the paper rights issues has now worked itself ong hands. Yields available are a quarter better than the rest of ket and with dividends three times on average the sector has income as over the next few years.

ost of the profits recovery has been id this is the wrong side of the iping cycle to think about buying the except on purely trading grounds. eek's results should provide the ny with the United Kingdom ed groups like Sun Alliance, Eagle Guardian Royal Exchange the pre-ctocks at present among analysts.

### and liquidity ide for lies?

fficulty in looking for a simple guide to the future direction of the market always lies in knowing how significance to attach to which eco-and-financial fundamentals at any lar moment. Current projections of e earnings and liquidity underline nt.

the past year the correlation between ility and equity price has been ss close than earlier in the present : since early 1977 profits growth has lecting in monetary if not real-while equities have been buoyant, some sort of link is assumed, the for equities ought to be promising, lips & Drew's current calculations growth should now begin to accelera-show an overall rise of 12 per cent ar rising to perhaps 18 per cent in, lbert slowing towards the year end, is same time, however, balance sheet

liquidity may be deteriorating into 1979. Tax and dividend payments should be rising, as will profits due abroad and capital investment. P. D. forecasts a £1,000m deficit this year followed by £2,500m next. Since there has tended to be a close relationship recently between the rise and fall in company liquidity and the rise and fall in equities, the implications might be taken as bearish.

What is not in question, however, is the ability of most companies' balance sheets to cope with the additional borrowings that the decline in liquidity implies. Gearing is presently at its lowest level for many years. Meanwhile, this simple analysis of profit and liquidity as a guide to equities takes no account of interest rates—an increasingly influential factor over the past two years. On this count the outlook for 1979 is beginning to look much more encouraging than it did until recently.

World sales of Krugerrands, the small investors' bullion, are soaring, with 400,000 being snapped up last month compared with 220,000 in June. Most are going to the United States, helped by the weakness of the dollar and the corresponding record price of gold proper. United Kingdom demand for the South African coins has not much strengthened, however.

This is rather surprising because, while it is true that import of the coins by private investors has been banned for three years, the domestic pool is big and, the price should be linked to international markets by freedom to sell United Kingdom Krugerrands to foreigners and the right of authorized bullion dealers to import them.

Nevertheless, the United Kingdom premium over Krugerrands' gold content has not significantly increased from its usual 3½ to 4 per cent. Nor has the differential with the external premium of around 3½ per cent changed. It would appear that United Kingdom investors are not excited, as long as domestic inflation does not look bad and sterling performs satisfactorily, against the dollar at last.

### Small company finance The problems in loan guarantees

The Roll Committee's working party report on loan guarantees for small businesses reveals a mass of practical and theoretical difficulties which neither the working party nor the committee have been able to resolve. At the heart of the matter is the fact that the banks already exist to assess loan opportunities on a commercial basis and, in recommending an experimental commercial scheme, the committee is effectively saying they have fallen down on their job.

Tentatively the report suggests there may be instances where the banks could be over-cautious.

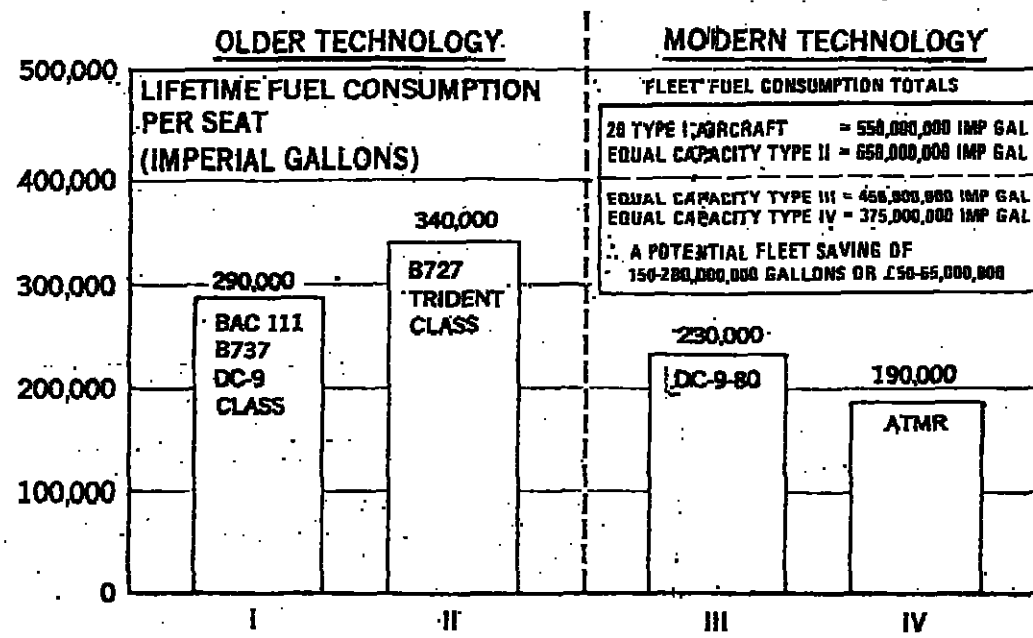
The central problem is the distribution of risk: if the banks accept 15 per cent or less of the risk on loans they have vetted which are subsequently guaranteed the overwhelming incentive becomes simply to push anything remotely risky through the scheme. Arguably little new money would be injected into small businesses while the banks would simply take the chance to shed risky loans. Conversely if, as the Treasury and the Department of Industry have argued, the banks should take 50 per cent of any risk, they would probably regard it as so big that they would not be prepared to extend lending frontiers at all.

The other side of the coin is that a commercial guarantee agency would also have to balance its risk element: if it were too strict the vetting procedures would simply mirror those presently operated by the banks; if it were too lenient the scheme would generate enough failures to destroy any hope of being self-financing. This latter would degenerate into a "soft" subsidized scheme specializing in pouring cash into wild ventures. Meanwhile, a commercial guarantee agency would imply premium payments and would thus raise the costs of funds to borrowers.

Clearly both the civil servants who are worried about starting a scheme, which would either have no takers or could turn into a monster, and the banks, who face both an additional administrative burden and the risk of finding they were wrong about the scope for successful loans, are forceful parties in this debate. But in fact it is difficult to understand the mass of hedging in the working party's report: a trial is obviously needed to discover the correct allocation of risk element and the level of demand.

## Narrowing the choice for Britain's next airliner partnership

### FUEL CONSUMPTION BENEFITS



The Cabinet subcommittee considering future airliner building partners for Britain has been provided with a wealth of chart material by the manufacturers, including a forecast comparison of the amount of fuel which would be used during the lifetime of aircraft. The chart reproduced here shows the remarkable fuel savings claimed for the ATMR.

the three projects which have been placed before the Cabinet are as follows:

ATMR: Length, 149ft 4in; wingspan, 129ft 8in; height to tip of fin, 40 feet. To be powered by two General Electric CF6-32, two Pratt & Whitney JT10D-X(32), or two Rolls-Royce RB211-535 engines. It would carry 178 passengers in a mixed first and economy class layout with "seat pitch" (knee-room) of 38 inches and 34 inches: 192 mixed-class passengers with a 38/32-inch seat pitch: 166 passengers with a 38/36-inch seat pitch or 200 passengers with a 32-inch seat pitch.

ATMR would also carry, 1,392 cubic feet of bulk cargo; or 17 cargo containers and 26 cubic feet of bulk cargo. According to the McDonnell Douglas brief, their airliner would give each economy passenger 18 inches of shoulder room while the 737 relies on an existing fuselage.

The technical prospectuses of

width of 17 inches and an aisle of 18 inches.

Composite materials would be used in a large number of places.

The wing would be of a "supercritical" design—that is, it would have an advanced aerodynamic shape which would mean that the customer airlines would use less fuel, while the cockpit would have advanced avionics (electrical and electronic equipment)—as would all three contenders.

Using two RB 211 engines, the ATMR would, it is being claimed, create only 98 per cent noise decibels, compared with 91 by the European Airbus, now considered to be the quietest of the new jets.

A very favourable fuel consumption is also a feature of the ATMR.

Boeing 757—100: Length 164 ft 5 in; wingspan, 124 ft 3 in; height to tip of fin, 35 ft 3 in. It would be powered by the same choice of engines as the ATMR.

In mixed first and economy

that offered by McDonnell Douglas, it is more of a sub-contractor than a partnership deal and that, as Boeing is going ahead with its bigger 767 project, the 757 could receive a lower priority.

European JET 2: Length 133 ft; wingspan 111 ft 7 in; height to top of fin 41ft.

It would be powered by the CFM 56 engine which is being jointly developed by the General Electric company, of the United States, and Snecma, the French state-owned engine company. It would therefore be unattractive to the Cabinet, in considering future employment at Rolls-Royce.

JET 2 could carry 151 passengers in a mixed-class layout with 38/34-inch seat pitch or, in all-economy layouts, 163 passengers at 34-inch seat pitch, 172 passengers at 32-inch seat pitch and 179 passengers at 31-inch seat pitch.

Total usable underfloor volume for cargo and baggage is 1,448 cubic feet. Each economy class passenger would have 20 inches of shoulder room and the central aisle would be 19 inches wide.

Wings would have an advanced aerodynamic section. It is claimed that "fly-over" noise with two CFM 56 engines would be 87 per cent noise decibels.

JET's developers, too, promise potential customers starting reductions in the amount of fuel which they would use compared with present jets. JET 2 would, for instance, burn 33 per cent less than the Boeing 727-200 and 17 per cent less than the McDonnell Douglas DC 9-80, a new and quiet version of the well tried DC 9, which is being developed for Swissair and other noise-conscious airlines.

Assuming fuel at 50 American cents a gallon, operators of the DC 9-80 would make 23 per cent less annual profit than those with JET 2 in their fleet. Operators of the Boeing 727-200 would make 39 per cent less annual profit.

Advanced composite materials would be used in floor beams, wheel doors, wing fairings, engine inlets and cowls, as well as wing and tail control surfaces.

Arthur Reed

## Increased attraction of 'white collar' productivity deals

A surge of productivity pay claims will herald the arrival of the new bargaining season under Phase Four, which is all very well for the blue-collar worker—but where will it leave the white-collar man?

Unless he is one of the few lucky ones able to do a deal "on the side", it means that his financial status compared with the shop floor will be further upset. Even at a fairly senior level, some managers take home no more than a blue-collar man who gets overtime, shift pay and bonuses.

The solution is obvious, and at last it is dawning on those concerned, three years late.

From senior management down there is a rush of interest in white-collar productivity deals—and if the 5 per cent policy survives deep into the coming pay round that interest is likely to turn into a stampede.

The problem is how to measure white-collar productivity and it is increasingly being handed to the "honest broker", business management consultants.

The Management Consultants' Association reports that more and more companies are either redrawing present blue-collar productivity schemes to include white-collar employees or setting up separate arrangements for white-collar staff.

Rather than measuring the output of small sections of people, the emphasis is on establishing company-wide, division-wide or group-wide

schemes, linked to a total performance index.

In perhaps three cases out of five a system of added value has proved the best index of productivity against which to relate white-collar labour costs. Mr Douglas Calif, of P.E. Manufacturing & Personnel, emphasized the need for an index that was simply and quickly devised so that bonuses could be worked out quickly.

Mr Duncan Wood, of Binder Hamlyn Fry, thought that in one case in five the system of added value did not work because of accounting problems caused by exchange rate fluctuations and where the management climate did not enable added value to be used.

Another frequent difficulty about using added value is that there needs to be complete openness about a company's performance and that is not always forthcoming—not even to fairly senior managers.

The indications are that in manufacturing companies where blue collar workers already receive productivity payments, about a third of management are now considering productivity pay for white-collar staff. Because of 30 years of tradition in many white collar areas productivity schemes are often worked out without proper consultation, but after three years of pay cuts and with the prospect of a fourth, management can expect increasing numbers of white collar staff to be demanding a deal that at least gives parity with arrangements agreed for blue collar workers.

Christopher Thomas

### WHITE COLLAR ONLY PRODUCTIVITY PAYMENT PLANS

Industry	Number of employees	White collar	Basis of measurement	Bonus %	Comments
Chemicals	1,400	500	Combination of added value per £ staff salary costs and total payroll costs as compared with average ratios for the previous 4 years.	6	Used two ratios to reflect: a staff productivity, eg, tighter purchasing or lower numbers b staff impact on blue-collar efficiency, eg, better planning or supervision.
Commercial—banking, investment group	300	300	Comparison of sales income per £ total salary costs, with results for 1975-77	7	Initial difficulty in getting DoE to accept investment income as part of measure, but subsequently agreed.
Civil engineering	10,000	3,000	Added value per £ total staff salary costs as compared with the 13 months prior to 1.8.77. Most blue-collar already getting various forms of bonus payments.	5	Staff scattered across many subsidiaries and locations but payment relates to group results, therefore, very indirect. A "reward" rather than incentive.

Source: Binder Hamlyn Fry & Company.

### SOME EXAMPLES OF SELF-FINANCING PRODUCTIVITY SCHEMES BENEFITING STAFF EMPLOYEES

Nature of business	Nos involved	Productivity Input	ratio Output	Increase in pay aimed at	Remarks
Heavy mfg. engineering	2,500 staff	Staff employee costs	Value of production	10%	Output measure was a problem to define. Bonus paid 2 months in arrears.
Jobbing mechanical engineering	120 staff	Staff employee costs	Value added	Not yet decided	Bonus paid 6 monthly to smooth fluctuations.
Light metal fabrication	100 staff	Staff employee costs	Value added	5-6%	Extension of scheme already working for hourly paid employees.
Switchgear	1,000 staff	Staff salaries	Value added	10%	
Light assembly	30 managers	Return on capital employed	73%		
Plastic extrusions and sports accessories	All of about 100 employees	Total employee costs	Value added	10% shared equally	1 paid monthly. Remainder to a bonus stabilization fund. Bonus shared equally. Depressed trading conditions have shrunk bonus.
Whisky blenders	120, including staff	Total employee hours	Time represented by physical volume of output	10% or more, and reduction of overtime	Sunday work eliminated. Disappointing performance in one section has shrunk bonus.

Source: P.E. Consulting Group, Personal & Industrial Relations Division, August 1978.

## Business Diary in Europe: Chimney clean sweep

Chimney sweeps may be fast in Britain, but they seem, still a force to be reckoned with in West Germany. There they have to prove themselves to be as sure as a rock when it comes to protecting and to their interests.

German chimney sweeps backed by the opposition in the Upper House of law, last week forced in Government to bury a Bill designed to give other trades, heating engineers, the lucrative business of heating appliances.

In 1976, the Bonn Government introduced a Bill designed to give other trades, heating engineers, the lucrative business of heating appliances.

But the town of Tarbes decided it was not worth going on.

But the town of Tarbes decided it was not worth going on.

But the town of Tarbes decided it was not worth going on.



Personally, I should welcome the cheap wines of Greece, Spain and Portugal, though to be frank I don't think the Community would be wild about retsina.

Benefit from a better control of energy waste, but the consumer will almost certainly suffer through having to pay an engineer to maintain his or her heater and a chimney sweep to check it.

A test drilling for oil by Shell three miles outside the Pyrenean town of Tarbes was not at first sight very successful. At a depth of about 2,000 metres they found themselves "literally" in hot water and decided it was not worth going on.

But the town of Tarbes decided it was not worth going on.

But the town of Tarbes decided it was not worth going on.

But the town of Tarbes decided it was not worth going on.

much the same as the cost in the 20 other urban heating schemes already operating in France. The difference is that the cost of the conventional fuel, while the hot water, once tapped, is free.

In 20 years' time, when the capital cost has been paid off, only the maintenance of the plant will have to be paid for.

Playboy socialist MP, Carlos Zayas, the constant companion of Spain's swinglance singer, European Song Contest winner, Massiel, stormed ashore at the weekend on the beach of the Balearic islet of Tagomago, off the coast of Formentera itself is off the coast of Ibiza. He led a crowd which thinks that Tagomago should be kept strictly for the birds.

With wine and paella in hand, the invaders combined the protest with a Sunday outing as they called attention to plans by a Spanish-German group to turn the island—at present peopled only by birds—into a luxurious tourist complex complete with yacht basin.

While no one in Spain has expressed public doubts about Zayas' interest in ecology, experienced political observers in Madrid did not miss the point that he happens to be the owner of one of the best of the few existing hotels on the island of Formentera.

Land developers are clashing regularly with nature conservers

in the Balearics these days. The Balearic Society of Ornithology and for the Defence of Nature has presented an appeal—according to reports published in the Spanish capital this month—against the approval recently given for a tourist complex on the eastern coast of Mallorca. The society alleges that approval was granted without sufficient guarantees that the ecological balance of the island would be protected.

Nature lovers are on the march on the Spanish coast opposite the Balearics, too. The marshes at Castell de Empuries, near Gerona, were recently occupied by groups protesting against plans to build housing for tourists there.

After eight long years it at last looked as if things were to return to normal at Banco di Sicilia, where the term of office of the chairman, Ciro de Martino, expired in 1969 and no succession has been appointed.

The five political parties supporting the Government—for such matters are highly political in Italy—finally reached agreement on a successor, as well as on a number of other top banking appointments.

He was to be Giannino Parravicini, a banker, who for once is not a Christian Democrat but a Republican, and who comes from outside the island.

But they had reckoned without the reaction of the Sicilians, whose regional premier protested that this agreement had been made behind their backs and they would never accept it.

The trouble is that, by law, the chairman of Banco di Sicilia is nominated by the treasury minister in Rome "in understanding" with the regional government.

The region has thus been able to block the nomination and has instead put forward the candidature of Giuseppe La Loggia, a Christian Democrat, Sicilian, chairman of the Chamber of Deputies budget committee and a friend of Senate president Professor Amintore Fanfani.

The Communists and socialists, both of whom are among the five government parties, have made equally plain that they want some one who is not a professional politician but is known for his capabilities as a banker. For the moment deadlock results.

Efforts are being made in the last few days before Government and politicians disperse for the summer holidays to see if the obstacle can be overcome.

A typewritten note from the Hungarian Embassy tells me that "shoft drink consumption has gone up". Could you please show that again?

Ross Davies

## ANGLO-AMERICAN SECURITIES CORPORATION LIMITED

Interim Financial Statement for the six months ended 15th July, 1978

(Audited) Year ended 15th January, 1978	(Unaudited) Six months ended 15th July, 1978	(Unaudited) Six months ended 15th July, 1977
3,892,342	Gross revenue	2,021,735
653,894	Less Expenses and Interest	406,640
3,238,443	Net revenue before taxation	1,615,095
1,292,997	Less: Taxation	600,471
1,945,446	Less: Preference Stock dividend	1,014,624
81,223		40,611
1,864,223		974,013
1,692,136	Less: Interim Dividend	566,533
	NET REVENUE RETAINED	£407,480
£172,087		£331,982
1p per share for the year	Dividend on Ordinary Shares payable on 25th August, 1978	1p per share
	Net Asset Value per Ordinary Share at end of period	153p p.d.
114p p.d.	Net Asset Value per Ordinary Share assuming full conversion of Convertible Loan Stock	127p p.d.
114p p.d.	Revenue figures are not comparable due to a dollar loan of U.S.\$6,750,000 raised in August, 1977, which was referred to in the 1978 Directors' Report.	133p p.d.
	The Net Asset Value includes the investment currency premium which at 15th July, 1978 was equivalent to 191p per Ordinary Share (15th January, 1978—84p per share, 15th July, 1977—20p per share).	126p p.d.
	No provision has been made for any liability to tax on capital gains which may arise in the future on realisation of investments.	



## Hull hopes for 2,000 jobs a year from new developments

After 15 months as a designated development area, the city of Hull is beginning to see that added incentives are beginning to pay off in terms of new industrial investment. Since April, factory expansion schemes have been announced by Van Leer (UK), the British Beef Corporation, Segal's the Drapery people, and European Caravans. Another announcement is expected shortly, "a very large project" for making home improvement materials.

New jobs created are not impressive—40 here, 150 there—but Hull is not the kind of place that attracts vast factories employing thousands. By the same argument, recent closures, Ascor Caravans, Hedon Engineering, Sanderson Paint, and some redundancies at Spencers, the building group, have meant relatively few job losses. While this may be of small comfort to the city fathers it is little consolation to the man who has lost his job and unemployment is still a major problem.

In Hull itself, the position in mid-July showed 15,700 out of work of which 11,252 were males. Total unemployment is running at 9.6 per cent and among males 11.1 per cent. Things are not quite as dull as they seem, however, for an estimated 2,000 jobs a year from new development over the next five years are confidently forecast by the city council. Part of this is thought to be due to development area status being granted, and partly to the improving situation in the economy nationally.

In a recent review of the past four years, Mr Ian Holden, Hull director of industrial development, said that in financial terms the city had won an estimated £100m worth of new investment, accounted for by £40m expenditure on industrial premises, and about £60m on plant and machinery.

"This development programme," he said, "also involved an estimated 8,000 jobs of which about half were entirely new to the city."

In addition to the new factories already mentioned, six purpose-designed factories are being built for companies on Sutton Fields, the industrial estate, a new engineering training centre is going up and a programme of 21 advanced factories are under construction.

Office accommodation is being taken up. Of about half a million square feet of offices built recently only 50,000 square feet are now available. On the commercial front generally, Hull is tackling two major city centre projects over the next five years: the redevelopment of the old town area, and the

### Industry in the regions

redevelopment of the town's dock estate, in which the city council will be the developer of a marina in two of the three closed docks.

The third dock will have a mixture of city and commercial development. The council believes that these multimillion-pound projects will revitalise the city centre and create new commercial opportunities.

As a port, Hull has had a good year. The net surplus before tax of £3.3m was recorded in 1977. The days appear to have gone when strikes were an everyday occurrence at Hull docks, and a lengthy period of harmonious industrial relations seems to be attracting new shipping services. In the past year 18 new services have been won, mainly to Europe and Scandinavia, but also expanding Middle East services which are gathering importance in the mind of port officials.

Fishing remains a problem. As recently as 1975 up to 40 wet fish trawlers would be at sea at any one time. The fleet, recently reinforced from Grimsby, stands at 33 vessels as opposed to 35 in 1975.

An estimated 1,200 to 1,500 fishermen are in work, and about 300 on the unemployment register. Many fishermen seem to have found alternative port employment or North Sea oil jobs.

As is frequently the case in areas of high unemployment, there is a rising number of vacancies, but they are all in jobs for which the unemployed are not suited. Bricklayers, plumbers, painters and carpenters are wanted for the building trade; and draughtsmen, fitters, machine setter operators and copper-smiths may walk into jobs in engineering.

The shortage of skilled men is not peculiar to Hull. Industry generally is feeling the effects of cuts in apprentice training in past years, when economic restraints caused many companies to stop training.

On balance Hull is not despondent. Mr Holden believes prospects for sustaining a faster rate of industrial growth are at their brightest for several years.

Ronald Kershaw

## FINANCIAL NEWS AND MARKET REPORTS

### South Africa is investing in the future of its mineral wealth

Johannesburg, Aug 6

If one could put political considerations aside, now would be the time to buy into South Africa as a promising recovery situation. And not because of gold. The potential lies in the country's other mineral wealth.

Last year, total earnings from gold amounted to R2,815m (£1,675m) while other minerals grossed in exports R2,710m. This year, the gap between gold earnings and those from other minerals can be expected to widen with the gold price soaring. But looking into the 1980s when gold output will start to fall quite sharply as older producers fade away, South Africa's income from its other resources should more than compensate.

Coal exports alone which were around the R250m mark last year, could be close to R400m this year and are expected to earn R1,000m in mid-1980s when more than 40 million tonnes a year should be shipped out of the Richards Bay Terminal.

This is why the mining finance houses are investing long and hard in coal and base metals. They are committed to this country and they must invest in their expectations of profitable returns in the next decade. The search for gold does not inhibit plans for the exploitation of South Africa's other important mineral resources.

But the investment gamble is not simply a question of taking a chance on politics. The gamble is on markets—recovery in the United States and the ripple effect which an American recovery could have throughout the western world. Many markets are still suffering from the indignation of 1974 speculation and consumers' stockpiles will have to shrink sharply before prices recover. In other metals, mainly those associated with construction and plant investment, and with the iron and steel industry, will lag behind cyclical economic upturns. But the planners in

the mining houses here are going ahead, particularly in the consumption metals.

Gold fields, for example, are heavily involved in the Black Mountain project with Dodge Phelps in the Northern Cape. This R200m project will produce lead, zinc and copper. But it is the lead which is regarded as the most attractive mineral.

Although statistics suggest a declining market for this metal, there appears to be an even greater fall away on the supply side. And one of the advantages of the Black Mountain project is the lead-zinc ratio, more lead to zinc compared with most other mining ventures.

### Mining

Although not in the big league as an export mineral the R25m makes a useful contribution to the country's foreign earnings.

As in the case of lead, tin is a metal in which demand is shrinking—but so are supplies and as far as can be ascertained the Rooberg Development mine has reserves which should stretch beyond the turn of the century. Although there is every possibility of the world tin price losing some of its present frothiness, even with sales from the American stockpile, the price level can only move upwards in the years ahead.

This view of markets is motivating the company to make an investment of R1.5m in a refinery which will produce metallic tin. Up to now most of Rooberg's exports have been in the form of concentrates but metallurgical tests have proved that by developing a tailormade process the pure metal can be produced with the required purity and on a relatively low cost structure. It is believed that a decision will be made by the end of the year whether or not to go ahead with this development.

Antimony has been taking a beating—as the noticeable results of the consolidated Murdoch Mine have shown. And recovery of the market is almost entirely dependent upon a surging American domestic economy. As fast as the metal was losing its market as a component of the United States motorcar battery industry, it was winning new uses in flame-proof finishes in the textile industry.

With copper and nickel in the doldrums and dragging down Anglo American's and JCI's investments in Rhodesia and Anglo's big commitment in Botswana, the one producer of these metals which can comfortably ride the ebbs and flows of the market is the platinum metals show further price advances.

But where world recovery can bring big rewards to this country is in the ferro-alloy industries. Southern Africa's chrome reserves are the world's largest and even in current depressed markets, sales of ferrochrome and to a lesser extent ferro-manganese are still relatively buoyant. European and American producers have been dumping their output on export markets.

This allegation is, of course, strenuously denied. Local producers claim that greater efficiency, lower power costs and cheaper hauls of waste rock are the key to their price structure. And then there is uranium. Here the potential is tremendous. One uranium ore is a by-product of gold, but positions being examined now indicate clearly that gold as a by-product of uranium will be the pattern in some not-too-distant investments.

Harold Fridjohn

### Polly Peck reconstruction

Polly Peck (Holdings) today sends to shareholders details of the capital reconstruction aimed at eliminating a profit and loss account deficit of £35,000, which would effectively preclude the company from paying dividends for many years.

The directors are proposing to reduce the capital of the company by that amount by first writing off half the issued share capital turning every 10p

share into a 5p one. Secondly, the share premium account will also be reduced by enough to eliminate the deficit. If shareholders pass the idea High Court sanctions will also have to be obtained.

Mr Raymond Zelker, the chairman, comments that the company has also taken action to reduce the level of overheads so that it will be "able to gain full advantage of any improvement".

### SCIT looks to £7m pre-tax revenue

The Stock Conversion and Investment Trust is expecting net pre-tax revenue of £7m this year compared with £2.3m in 1977-78. The forecast is made in the accounts published today.

The accounts show that shareholders' funds are up from £82.9m to £86.4m, 28p per share, while bank overdrafts fell from £1.9m to £1.5m while cash held steady at around £8.1m.

The value of properties is increased by about £3.5m to £93.05m because of some revaluations which threw up a surplus of £74,000, £1.2m from the inclusion of properties of Far Investment, which was fully acquired by the company during the year, and £1.44m by development costs.

**TE ABRASIVES**  
The chairman of Tex Abrasives, Mr L. Evelyn-Jones, said that turnover will increase in current year. But he adds that he can only be hopeful that profit will increase. He says there is little scope for increasing profit ratios due to the company's position as price leaders in its main activity.

**C. H. DOWNING**  
The building and refractories maker, expects to hold its share of the market this year. Mr D. S. Hartley, chairman, said that while roofing sales had been good, the refractories division had a difficult year. But electrical engineering unit had recovered. Downing's pre-tax profits for year to the end of March was £1.71m.

### Business appointments

#### Additions to board of Barrow Hepburn Group

Mr G. J. Tytheridge becomes an executive director of Barrow Hepburn Group from August 15. Mr R. C. Woodhouse and Mr E. B. Spencer are also joining the board as non-executive directors.

Mr David Ross has been made financial controller of the company. Mr D. H. Booth and Mr P. H. Walton have become assistant managing directors. BICC Cables, Mr E. C. Woolley to be executive director. BICC General Cables, Mr R. H. Phillips, Mr E. C. Woolley and Mr E. S. W. Worsell have been made directors of BICC Cables.

Mr Keith Steel is now a director of Broken Hill Proprietary. Mr Ian Bell becomes managing director of Howard Roatator. Mr John Austin continues as chairman. Mr Geoffrey Halshead has been made deputy chairman of James Halshead (Holdings).

Mr Gordon Jenkins, general sales manager Lyons Maid, has become a director of Lyons Bakery and managing director of SPK Foods, and of Linden Bakery. He takes over from Mr D. C. Johnson, recently appointed operations director, sales, marketing and distribution.

Mr R. N. Skinner has become deputy managing director of Reliance Systems. Mr Stanley Ray joins the board.

Mr John Clarke has been made a director and general manager of Prestige Industrial.

Mr Ronald Jones has been made chairman of Terrapin Building and Civil Engineering.

Andrew Woods joins the board of Allied Suppliers as marketing director.

Mr Peter Phillips, a former director of Morgan Grenfell International, has joined Crocker Bank's international division as vice-president in charge of merchant banking activities in its Asia-Pacific region.

### Commercial Union is expected to be high-flyer of insurance results

The keenly awaited composite insurance interim report season gets under way this week with results from Commercial Union today and the Perth-based General Accident on Wednesday.

Commercial Union, starting from its lower profits base, expected to be the high-flyer

### This week

of the sector this time round and brokers Cape Cure Myers will be looking for around £63m against £38.2m last time.

A fairly good second quarter in America and few problems at home should give the group an underwriting profit for these three months reducing the overall underwriting loss for the first half of the year to around £1m. And Cape Cure is improving their forecast to £135m for the year against a previous £99.8m.

General Accident, hit more by the poor first-quarter weather at home, could have an underwriting loss in the region of £8m for the first half and this could hold back pre-tax profits to some £35m against £31.5m.

Buying ahead of final figures on Thursday has helped the share price of Heron Motor Group lately. Last year the group turned in £2m and this time round analysts are anticipating around £3.2m, though some are looking for as much as £3.5m.

Tov and giftware group Cowan and Groot will be wrapping full-time figures tomorrow. At the interim stage the group stepped up pre-tax profits by around 18 per cent



Mr I. H. Stuart Black, Chairman of General Accident.

and market men expect this upturn to be maintained. This would give final figures of around £2.1m against £1.8m last time.

The group has already forecast a 31 per cent increase in the dividend and on a share price of around 75p the dividend is a p/e of 9 and a prospective yield of around 4.6 per cent.

This week also sees a fairly hefty batch of economic news, starting today with the provisional wholesale price index for July and hire-purchase and other instalment credit for June.

Tomorrow the Bank of England will be announcing UK banks' eligible liability and reserve asset figures while on Wednesday the central Government's financial transactions, including the borrowing requirement, will be revealed. Bringing up the rear, on Friday, will

be the Building Society results and loans for July.

**TODAY—Interims:** Commercial Union and Odeon-Ten Finance. **Finals:** C. Gearing Trust, Clifford Snell, Gold and Base Mines, Hambro Trust, H. Shuttering (Holdings), and Robinson and V. Industrial.

**TOMORROW—Interims:** motive Products, Aquis S. ties, Davies and Mercantile Inv. Trust, Rentokil Group, Finals: (Wm) and Sons (Shell), Cowan de Groot, Group, Wm Jackson and Sons, Benjamin, Priest and (Higgs).

**WEDNESDAY—Interims:** and Wiborg, Bernard W. J. Bibby and Sons, Carr Virella, General Accident, Wm Mount Charlotte Inv. Vogelstrubt, Metal, E. Benn Bros, Dura Mill, Higgs, Hume Higgs, Le Int. (Final figures), and Bros.

**THURSDAY—Interims:** son Bros, Annanated (Higgs), J. Clarke and Dinkie Reel, Securicor and Security Services, F. A. G. Research, W. G. and Sons (Tipton), British oil carbonising, David and Sons (Higgs), Gold Property, Heron Motor, Midland Educational Co, Wirtwatersand Gold Eagle, Scottish Homes Inv.

**FRIDAY—Interims:** Alf Bank Nederland and R Inc. **Finals:** Longdon Tra (Higgs), and Smith Wain Alison Mitchell

Alison Mit

### Higher consumer spending has helped food industry revival

The food industry seems to be picking up. After a profit-pounding from the big grocery chains and their price war margins are expected to widen in the second half of this year, thanks partly to higher consumer spending. This is a theme common to a food manufacturing industry review from broker Phillips & Drew and a food industry monthly report by Williams de Broe Hill.

The Phillips & Drew bulletin was written by Mr Hector Sans and Mr Jerzy Wielechowski. They calculate profits growth of around 20 per cent in the second half of this year.

Cuts in discounts on bread sales by both Associated British Foods and Rank Hovis McDougall, as well as Spillers departure from breadmaking should mean more acceptable margins.

So RHM with a third of the bread market now should see profits growing strongly in 1978-79. However a thin earnings cover off sets a good yield, and the shares do not look significantly undervalued.

However the authors do like the shares in Associated British Foods. The group is helped both by events in bread, and by an easing of the price war in retailing. They should assist its Fine Fare offshoot.

For all that Spillers should be on the way to a fine recovery in profits, the high gearing and

unlikelihood of an early dividend-restoration mean that the shares are still speculative. The shares in United Biscuits are thought reasonable.

The writers do not like either Rowntree Mackintosh or Cadbury Schweppes. The first could see profits growing more slowly

lever is only fairly valid. he agrees with the two P analysts in saying that the cuts are a reasonable hold.

From J. & A. Scrim Mr. Gerald Horner, a "limited assortment" and the Kwik-Save Di Group. "This is not a read, and readers may some fun with the cold which is a reasonable hold."

"Among the two core panes which are close still in the ground, the believe that Associated is intrinsically a strong pane that Kwik-Save is further along the horizon for weights should be points in mind... with to Kwik-Save itself, marks exist... as a consequence, we think the medium-term view is below average weighting, tied."

"Scrimgeour's" two "also have issued a circular W. H. Smith (Holdings), recall that last year the steadily recommended shares which have been rerated. So they are vult to profit-taking. However advise clients to, hold Smith, and increase gtd relative weakness.

This broker also remains a strong holder of Rank Hovis McDougall for income and medium-term growth. He gets marks for writing of J. Lyons before the event: "the current share price reflects speculative buying on rumours of a major asset disposal or a full takeover bid, either of which must remain a possibility."

Mr Brand, thinks that, Uni-

Peter Wain

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remains firm. Shell...  
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Norwegian charterer...  
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Stereanean sectors...  
e, too, had a good...  
f charters...  
David Robinson

FINANCIAL NEWS AND MARKET REPORTS

# Tin price stays uncertain as US Senate stalls stockpile Bills

Forecasts that it may well be 1979 before there are any major releases of tin from its stockpile by the United States Administration, and that the tin price tug-of-war between producers and consumers will continue in the interim, seem to have been well-founded.

Senator Gary Hart, chairman of the Senate's stockpile subcommittee, announced last Thursday that he was deferring indefinitely floor action on two commodity stockpile Bills, one calling for disposal of 35,000 long tons of tin (5,000 tons of the international tin Council's tin stock and 30,000 tons of tin to the world market and 150,000 ounces of silver; the acquisition of 225,000 tons of copper and other sales and purchases. The other Bill deals with general stockpile policy, which is inappropriate amendments to the second Bill.

However, Reuter quoted Mr. Allen Overton, the congressional president, as saying in Washington that the congress does not support the use of the strategic stockpile for economic, budgetary or other purposes not related to national security. At present there are only 20,433 tons of copper in the strategic stockpile, which fell within the present stockpile targets of the Administration.

At present there are only 20,433 tons of copper in the strategic stockpile, which fell within the present stockpile targets of the Administration.

Earlier in the week the General Accounting Office (GAO), in a study of United States stockpile decisions and policy, said that the General Services Administration (GSA) should try to obtain goals for strategic and critical materials within a reasonable time, but was hampered by other factors.

## Haw Par-Cheung Kong

Singapore. — Haw Par Brothers International is selling 13.76m Cheung Kong (HKG) shares to Cheung Kong's chairman Mr Li Ka Shing at \$9.80 (HK) per share, cash. Haw Par will show a profit of about \$50.18m (HK), before expenses. Proceeds will be used to reduce the group's short-term loans, pending their reinvestment. Haw Par is retaining 5m Cheung Kong shares (4.4 per cent).

## Issue prices rising despite weak dollar

Professional opinion in the Eurobond market still seems to be divided into those who believe that "economic drift" in the United States will eventually lead to a whopping downward correction in Eurobond prices and those who believe that the United States economy is moving into a recession, which will reduce inflation and interest rates and therefore bring about an autumn boom in Eurobond prices, writes AP-Dow Jones.

While Eurodollar bond prices rose last week, marking the third weekly gain in four weeks, sceptics say that the firmness has resulted from technical considerations, notably short-covering purchases by dealers in the absence of new issues. Since mid-May, only three straight Eurodollar issues have been publicly offered for a total of \$250m, a tiny amount in relation to the average daily turnover in the secondary market so far this year of about \$487m.

Some analysts argue that it is the absence of new issues and the reluctance of investors to sell at a loss which has accounted for the market's firmness. Accordingly, these analysts argue that the market is quite fragile and that real investment demand is small. If substantial supplies should ever reach the market, either through an increase in new issues or through forced selling resulting from tighter credit, then the downward correction in bond prices would be large, they argue.

However, other analysts contend that the United States economy will inexorably move into recession because inflation has already begun to take away consumers' real spending power and corporations themselves will not be able to keep raising prices. Thus, a squeeze on profit-margins should develop, partly as a result of the high cost of financing inventories. And this will lead to cutbacks on production, it is asserted.

While these analysts argue that a turnaround in the United States economy should be sometime in the future, now the time to lock-in high bond yields. One portfolio manager following this strategy is Mr. Iwan Daetwiler, manager of Worldinvest Income Fund.

The fund, which is operating

## Commodities

A great deal of the materials were not in the desired form or quality and some of the items were bought 20 years ago and did not meet current standards.

The GAO recommended that the GSA should formulate schedules for needs acquisition goals so that Congress could consider the reasonableness of acquisition time frames, separately identify in its report to Congress materials which did not meet industrial requirements, and the cost and time needed to convert or upgrade the materials to industry standards and establish a formal procedure for systematic and periodic review of specifications.

## Wallace Jackson

Commodities Editor

## Euromarkets

term bonds came to about 10 per cent of the total portfolio at the end of June but that the proportion is now around 15 to 17 per cent.

Mr. Daetwiler said that Worldinvest Income Fund had been increasing its holdings of high-coupon, heavy sinking type issues with a yield more than 10 per cent. He said that the fund's holdings of these long

## Unit Trust Prices—change on the week

FT Index change on week 49.2 +5.1 (1.0%)

Unit Trust	Current	Old	Change
1000 General Fund	100.00	99.50	+0.50
1000 Growth Fund	100.00	99.50	+0.50
1000 Income Fund	100.00	99.50	+0.50
1000 Money Fund	100.00	99.50	+0.50
1000 Real Estate Fund	100.00	99.50	+0.50

Unit Trust	Current	Old	Change
1000 Bond Fund	100.00	99.50	+0.50
1000 Equity Fund	100.00	99.50	+0.50
1000 International Fund	100.00	99.50	+0.50
1000 Life Insurance Fund	100.00	99.50	+0.50
1000 Property Fund	100.00	99.50	+0.50

## List of fixed interest stocks

Stock	Price	Yield
1000 General Fund	100.00	10.00%
1000 Growth Fund	100.00	10.00%
1000 Income Fund	100.00	10.00%
1000 Money Fund	100.00	10.00%
1000 Real Estate Fund	100.00	10.00%

## Bank Base Rates

Bank	Rate
1000 General Fund	10.00%
1000 Growth Fund	10.00%
1000 Income Fund	10.00%
1000 Money Fund	10.00%
1000 Real Estate Fund	10.00%

## U.S. Nightingale & Co. Limited

The Over-the-Counter Market

Company	Price	Change
1000 General Fund	100.00	+0.50
1000 Growth Fund	100.00	+0.50
1000 Income Fund	100.00	+0.50
1000 Money Fund	100.00	+0.50
1000 Real Estate Fund	100.00	+0.50

## Eurobond prices (yields and premiums)

Bond	Yield	Premium
1000 General Fund	10.00%	0.50%
1000 Growth Fund	10.00%	0.50%
1000 Income Fund	10.00%	0.50%
1000 Money Fund	10.00%	0.50%
1000 Real Estate Fund	10.00%	0.50%

## Offshore and International Funds

Fund	Price	Yield
1000 General Fund	100.00	10.00%
1000 Growth Fund	100.00	10.00%
1000 Income Fund	100.00	10.00%
1000 Money Fund	100.00	10.00%
1000 Real Estate Fund	100.00	10.00%











